



Daily Report

East Asia

**FBIS-EAS-95-154
Thursday
10 August 1995**

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Japan

Software, Multimedia Dispute With U.S. Foreseen

OW0908140495 Tokyo SHUKAN DAIYAMONDO
in Japanese 12, 19 Aug 95 Weekly Edition p 16

["Will a Japan-U.S. Software War Break Out This Fall? New U.S. Strategy Is To 'Block Japan's Advance' Into Area of Multimedia"]

[FBIS Translated Text] Despite the conclusion of the auto negotiations, the Japan-U.S. economic friction continues to create a situation in which new sources of trouble, including the dispute between Eastman Kodak and Fuji Photo Film Co., burst out one after another.

Now, however, there is a rapidly growing view among American economists and journalists, who know Japan well, that "the final goal the United States is trying to attain is to block Japan's advance into the field of multimedia."

The United States is already showing its strong interest in the [possible] division of the Nippon Telegraph and Telephone Corporation (NTT). It is a well-known fact in this regard that the United States is assuming the offensive, which is close to interference in domestic affairs. The United States cannot remain idle if NTT, which is an industrial giant, exerts full-fledged efforts to buckle down to the multimedia issue. The United States wants to weaken, if possible, NTT's power by breaking up its organization.

Amid this, Japan-U.S. friction over the personal handy phone system (PHS), which is attracting public attention as a popular multimedia product, is coming to the fore.

The PHS is a communications system Japan developed, and there is a possibility that it may become the first Japanese system to be "standardized internationally." This possibility alone is sufficient to irritate the United States. However, the United States is showing its tough stand as to whether or not it can apply the "Accord on NTT Procurement of Foreign Materials" to the NTT Personal Network, which is an NTT affiliated PHS company. It is not unreasonable to think that this move is designed to restrain the PHS from becoming an international standard. It is likely that this issue may develop into a larger burning coal in the future.

Meanwhile, the United States has absolute competitive power in the international software market. But there is new Japan-U.S. friction in this area too.

On the basis of the standard of the International Organization for Standardization (ISO), Japan plans to introduce its own version of a software standard in October this year. But U.S. software companies are strongly op-

posing it. Sending a letter to the U.S. Trade Representative (USTR), they started to take actions to prevent Japan from introducing the new standard.

Needless to say, software is a core of multimedia. It is obvious that even the United States will suffer damage if Japan fortifies its own standard in this field.

A senior executive of a major Japanese trading company in New York predicts: "The software war between Japan and the United States will break out this fall." Many people concerned are in constant fear, lest the prediction should become reality.

Likewise, the Japan-U.S. economic war in the multimedia field is becoming a major "post-auto" issue.

However, the Japanese Government and corporations are not sensitive about the issue. Why are they seemingly not attaching importance to the U.S. strategy so much?

How will Japan deal with the multimedia war? Will the Ministry of International Trade and Industry be in charge of the issue? Or, will it be the Ministry of Posts and Telecommunications? Nothing has been decided yet. We cannot help saying that the government is unreliable in this regard.

Gist of Japan-U.S. Auto Accord Draft

OW1008023395 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 9 Aug 95 Morning Edition p 7

["Main Points" of the Draft Japan-U.S. Automobile Agreement Drawn Up by the Japanese and U.S. Governments]

[FBIS Translated Text] The main points of the Japan-U.S. agreement on automobiles are as follows: Purpose: Omitted Measures To Provide Assistance in Importation of Foreign Vehicles and To Promote Access To Market:

A. Plan To Enable Foreign Vehicles To Enter Dealerships:

—The Japanese Government welcomes and supports the announcement by the Japan Automobile Manufacturers Association of 28 June that it will assist in creating an open and competitive sales system in Japan.

—The U.S. Government will support U.S. manufacturers' efforts to export to Japan. Measures To Realize Expanded Procurement of Foreign-Made Parts by Japanese Automakers:

A. Measures by the Japanese Government:

—The government will support the automakers' activities to promote business relations with part manufacturers.

—The government will support the activities of the Japan External Trade Organization (JETRO) in promoting imports of foreign-made parts.

—The Export and Import Bank of Japan, the Small Business Finance Corporation, and the People's Finance Corporation will support the promotion of imports by making low-interest loans available.

B. Measures by the U.S. Government:

—The U.S. Government will support U.S. part manufacturers so that they can supply competitive parts. Japanese Government's Reform of Regulations:

A. Replacement Parts: omitted

B. Standardization and Certification: omitted

C. Antimonopoly Policy:

—The Japanese Government will assure that anticompetitive practices will be removed from all industries including the automobiles industry.

—The Fair Trade Commission will strictly apply the Antimonopoly Law on anticompetitive practices. Assessment of Actions Taken:

A. Collection of Data: omitted

B. Objective Criteria:

—Quantitative and qualitative criteria, which are not numerical targets, will be used to assess progress made toward the accomplishment of the purpose of the economic framework talks.

a. Finished Vehicles:

(Qualitative criteria)

—Efforts made by foreign automakers.

—Efforts by Japanese automakers to build up distribution networks which are open and competitive.

—Activities of the private sector such as programs to abide by the Antimonopoly Law.

(Quantitative criteria)

—Change in the number and monetary amounts of foreign vehicles sold in Japan.

—Change in the number of distributorship contracts concluded between foreign automakers and Japanese dealers, and change in the number of foreign automobiles sold by such dealers.

b. Automobile Parts

(Qualitative criteria)

—Japanese automakers' efforts to expand opportunities for part suppliers to sell their products by moving

functions of designing and research and development to the United States.

—Japanese automakers' procurement of parts without being discriminatory against suppliers, based on whether they belong to the same capital group.

—Foreign part manufacturers' efforts to supply competitive parts.

c. Deregulation of Replacement Parts Market

(Qualitative criteria)

—Deregulation of shops with special permits.

—The Japanese Government's responses to complaints and requests regarding deregulation with regard to inspections required after conducting overhaul maintenance services and structural changes.

(Quantitative criteria)

—Change in monetary amounts and shares of foreign-made parts in Japan's replacement part market.

—Change in the number of special permit shops and designated maintenance shops.

d. General Qualitative Criteria:

—Market conditions including the foreign exchange rate.

—Progress of implementation of all actions. Specialists' Meeting:

The two governments will hold specialists' meetings to evaluate and measure the state of actions taken once a year until the end of the year 2000.

Intellectuals Discuss Trade Ties With U.S.

OW1008054195 Tokyo YOMIURI SHIMBUN
in Japanese 4 Aug 95 Morning Edition p 7

[Roundtable discussion with Jiro Ushio, chief secretary of Keizai-Doyukai; Yoshihiro Sakamoto, deputy vice minister at the Ministry of International Trade and Industry; and Haruo Shimada, a Keio University professor, moderated by Shunji Nanjo, a YOMIURI SHIMBUN editorial writer; place and date not given — first paragraph is YOMIURI SHIMBUN introduction]

[FBIS Translated Text] On 3 August, the "Japan International Forum [JIF]" (chaired by Takashi Imai) compiled a report entitled "The True Nature of Economic Friction Between Japan and the United States and Measures To Deal With It." The report proposes various policies to improve Japan-U.S. economic relations, which have increasingly been strained. The forum, which is composed of intellectuals, studies international affairs and Japan's

diplomacy. YOMIURI SHIMBUN recently asked three JIF members to discuss such matters as tasks to be tackled by Japan and the United States. They are Jiro Ushio (chief secretary of Keizai Doyukai) [the Japan Association of Corporate Executives], a JIF policy committee member; Yoshihiro Sakamoto (deputy vice minister of the Ministry of International Trade and Industry), a councilor to the JIF policy committee; and Haruo Shimada, a Keio University professor who gathered various proposals.

[Nanjo] What relationship does the report propose Japan and the United States should establish?

[Shimada] Economic relations between the two countries have undergone a historic turnaround. During the Cold War period, Japan and the United States placed top priority on their military alliance to counter the Soviet Union, which was a "common enemy" for the two countries. They gave priority to maintaining the alliance. For them, economic issues had only secondary importance. However, following the demise of the Soviet Union, bilateral economic issues have come to the fore.

It is inevitable that economic friction will occur between the two countries. But the fact that the friction creates a political vacuum in both countries proves that the two countries have no adequate system of dealing with bilateral economic problems. It is urgently required that the two countries establish an adequate mechanism to prevent a political vacuum and an antagonism between the two countries from being created.

To this end, the two sides should establish a bilateral total economic adjustment mechanism (TEAM) as a permanent organization to control the friction, and they should jointly operate the body. In order for the two countries to jointly deal with problems common to all mankind, they should settle bilateral economic issues as swiftly as possible and exert as much energy as possible to solve such problems as those concerning population and crimes.

[Nanjo] The report analyzes the Japan-U.S. economic friction by looking into its true nature and proposes measures to deal with it. What is the true nature of the friction, and where do problems lie?

[Sakamoto] The spirit of the Japan-U.S. framework trade talks, which started two years ago, has given a positive message to the international economy. First of all, the talks have indicated that efforts to reduce Japan's huge current accounts surplus and the United States' fiscal and trade deficits are conducive not only to the two countries, but also to other countries.

Secondly, the talks have broken the situation wherein entering Japanese markets is difficult, and have pro-

moted competition in Japanese markets by correcting the balance of trade between Japan and the United States. Thirdly, the talks have concluded that Japan and the United States should jointly tackle problems common to mankind, including AIDS and environmental issues.

It was unfortunate that Japan and the United States had to confront each other over "numerical targets." In the talks, Washington complained of Japan continually having a huge current accounts surplus and failing to fulfill trade accords. It urged Tokyo to apply a special rule to allow bureaucrats to control economic activities.

However, following the collapse of the bubble economy, the Japanese economy has lost its growing power. Thus, it is impossible to reinvigorate the economy unless free business activities are promoted. It is "philosophically" unacceptable to introduce bureaucratic controlled measures. We have to make changes in the political field, and we are actually doing so. We have made changes in the economic arena. But Japan is considered a country that cannot make changes or does not want to make changes. That is embarrassing.

[Nanjo] What are the problems clarified through the Japan-U.S. talks on autos and auto parts?

[Sakamoto] During the talks, political factors in the United States came to the fore. In the end, the two sides reached a sensible conclusion and avoided a possible collision. But they had repeated unnecessary confrontation before they reached an agreement. This is what the two sides should feel deep regret about in considering the future of bilateral ties. As proposed in our report, a mechanism is needed to remove the seeds of conflict from between the two countries.

Without business improvements, the Japanese economy will lose its momentum toward recovery. From the viewpoint of the international economy, it is problematic if Japan continues to run a current accounts surplus. Also, whether or not it is a fact, there is a view in the international community that Japanese markets lack competition. Japan is expected to make voluntary efforts to correct this view.

It is said that unnecessary government regulations, lax enforcement of the antimonopoly law, and exclusive business practices hinder competition in Japan.

[Nanjo] The Japan-U.S. talks on autos and auto parts were concluded in June after almost two-years of tough negotiations. What is the private sector's evaluation of the talks?

[Ushio] The auto talks can be regarded as the start of a new relationship between Japan and the United States.

The outcome of the negotiations will have good effects on bilateral relations.

I think so because during the talks, well-balanced opinions were given to both countries by Europe, Asia, and Canada. While criticizing the United States' unilateral measures against Japan under Section 301 of the U.S. Trade Act (which outlines presidential sanction measures against trade partners' unfair practices), these countries also rapped the closed nature of Japanese markets.

Moreover, both Japanese and American negotiators were criticized by their own peoples. There were many news articles critical of President Bill Clinton in the United States. In Japan, a question was raised on "whether Japanese markets are actually open to foreign competition." Each side faced criticism from its own people.

[Nanjo] Have both Japan and the United States begun to reexamine domestic problems in a calm manner?

[Ushio] Critical opinions at home oblige the governments of the two countries to respect the outcome of the talks.

If Japan's car inspection system is liberalized, we can say to other countries that "Japan has promoted market liberalization this far on its own." In such a way, we can change a foreign view that Japanese markets are closed.

From the recent talks, the Japanese and U.S. Governments have learned that it is not easy to deal with economic issues by treating them as issues within government control. I think a government can interfere in only 20 to 30 percent of economic activities. Whatever numerical targets a government sets, it is impossible for it to take responsibility for the results.

Both Tokyo and Washington have realized that "they can only set rules through negotiations." Making rules and establishing a conflict settlement team come as a set. In sports, once rules are made, referees are needed. Similarly, a dispute settlement system is necessary in trade.

In order for Japan and the United States to make common rules, they should first relax government regulations and strictly enforce their respective antimonopoly laws to ensure fair trade. Unfair trade practices are rampant in Japan.

The primary task for Japan is to promote relations with the United States based on the outcome of the recent talks and free the nation from its many regulations. If free competition is constituted in Japanese markets, the practices considered problematic by other countries will disappear.

[Shimada] Seeing the background of the auto talks, I feel that the United States' attitude has greatly changed under the Clinton administration from that during the Bush era, in which Tokyo discussed on an equal footing with Washington the issue of structural adjustment in the structural impediments initiative (SII) talks.

Complaining of Japan's failure to take specific measures to settle the auto issues, the Clinton administration brought up particular items and developed the trade dispute into a political issue. By doing so, the administration sent a message to Americans that "this government is strong enough to draw clear answers from Japan." Tokyo appears to have failed to properly deal with this.

[Ushio] The auto talks were concluded with much difficulty. I think Washington compromised in the last-ditch negotiations because Japan indicated to the world its will to implement self-reform, including market liberalization. With this as a new start of bilateral relations, Japan should promote reforms.

[Shimada] The TEAM proposed in the report aims at removing political coloring from trade issues and efficiently promoting trade negotiations based on international rules, including those set by the World Trade Organization (WTO). Negotiations bound by local rules, or bilateral political issues, would not be beneficial.

Japan has thrived under the development capitalism led by the government's industrial policy. Because of this, Japanese markets lack competition. Japan should carry out business transactions at home and with foreign countries based on rules. The structural reform of the Japanese society itself is urgently needed.

[Nanjo] Although Japan and the United States originally planned to conclude the framework trade negotiations in two years, they have decided to extend the talks. How do you think the talks will progress from now on?

[Sakamoto] Washington has dealt with the talks in seriousness. In the future, the bilateral talks will be expanded into multilateral discussions at the Asia-Pacific Economic Cooperation (APEC) forum and WTO to discuss not only bilateral issues, but also partnership in Asia and the issue of China joining the WTO. Japan and the United States should work to change negative remnants of the auto talks into positive ones.

[Ushio] The important thing is for Japan to present proposals to the United States. Washington is waiting for the ball to be returned. Japan should carry out drastic reforms so that the United States will be satisfied.

[Sakamoto] Tokyo can propose that while keeping contacts, the Fair Trade Commission and the Justice Department of the United States enforce their respective

antimonopoly laws on common grounds. The important thing is for Japan to accomplish fair competition based on internationally acceptable rules. In the case of the dispute between Fuji Photo Film Co. and Eastman Kodak Co., it is necessary to deal with it in a businesslike manner to prevent it from developing into a political issue.

Analyst on Resumption of French Nuclear Plan

OW0908085595 Tokyo AERA in Japanese 7 Aug 95
p 19

["Article" by AERA editor Shunji Taoka: "Why France is Forcing Through Its Nuclear Tests"]

[FBIS Translated Text] The French explanation for deciding to undertake eight rounds of nuclear testing from September 1995 to March 1996 is:

"The Comprehensive Test Ban Treaty (CTBT) will be signed in the autumn 1996. Before that, we would like to obtain data on the deterioration of nuclear warheads."

This, however, raises the question of how any deterioration can be observed when the radioactive half-life of the plutonium 239 used in the core of the warheads is 24,000 years.

Designed To Check the Power of Explosion?

Although the French refuse to go into details, experts at the Japanese Science and Technology Agency [STA] say: "The half-life of plutonium 241, which is also used in small quantities, is around 14 years, after which it becomes americium 241. This process does not produce neutrons, which activate nuclear fission, but instead absorbs neutrons and works in the direction of stopping the nuclear chain reaction. The French may want to look at how much this reduces the power of the explosion."

With the end of East-West confrontation, the United States, Russia, and Britain have stopped producing warheads and have turned to maintaining their nuclear capability by preserving existing warheads. In that sense, deterioration of nuclear warheads is a critical issue for the nuclear powers.

U.S. Defense Secretary William Perry said in June that there are four ways to ensure the safety and reliability of nuclear arms: 1) full-scale nuclear tests; 2) experiments through small-scale explosions of several hundred tons; 3) stopping the chain reaction halfway; and 4) computer simulation.

However, a French diplomat argues: "The United States and Russia have obtained adequate data after conducting a great number of nuclear tests (1,029 by the United States and 715 by Russia), so computer simulation may suffice. However, we have done that for only a few

times (192 times) and we need to accumulate more data." Warheads to be tested range from 10 kilotons, similar to the atomic bomb dropped on Hiroshima, up to 120 kilotons.

The nuclear tests to be performed at Mururoa Atoll in French Polynesia involve digging a hole in the ocean floor that is 1.5 meters in diameter and 500 to 1,200 meters deep and then burying warheads in it.

The French assert: "Radioactive substances will be buried underground. We have conducted 134 experiments at the same atoll since 1975, the radioactivity level has been measured and there has not been any problem."

Pragmatic Calculations Behind the Decision

However, anti-nuclear groups in Australia call attention to the danger involved, saying: "Cracks have been found in coral in the sea. Repeated nuclear tests have made the underground area cavernous like a beehive. Radioactivity leakage is quite possible."

To STA Director General Makiko Tanaka's question: "If the tests are that safe, why not do them outside Paris?" the French diplomat can only smile wryly and say: "That question is understandable."

However, he argues: "Testing will not be possible beyond 1996, so it is not practical to build new testing facilities. These will be the last ones, so please be understanding."

China, which is also rushing to conduct its last tests, has done 42 rounds of testing. The UK stopped at 45. On the other hand, Israel is believed to have produced a total of around 200 nuclear warheads and bombs through computer simulation. South Africa had produced six nuclear bombs without experiments by 1989, but had discarded them by August 1991.

The French diplomat says: "Without testing, there will be a limit to reliability, and deterrence will also be limited."

France does not have complete faith in the Western alliance. Its basic strategy is based on the notion that even a small number of nuclear arms can serve as a deterrent. It possesses five nuclear submarines with strategic missiles, 18 medium-range ballistic missiles and other nuclear arms, making it the world's number three nuclear power.

In order to maintain such a position, France has decided to hold the nuclear tests based on pragmatic calculations.

Police Block Sit-in Protest Near French Embassy*OW0908043595 Tokyo KYODO in English
0411 GMT 9 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 9 KYODO — Police blocked members of a Japanese citizens' group from holding a sit-in in front of the French Embassy in Tokyo on Wednesday [9 August] to protest France's plan to resume nuclear testing in the South Pacific.

A dozen of the group's members planned to hold a sit-in but police officers stopped them about 100 meters away from the embassy, saying it would violate the Road Traffic Law.

But the protesters skirmished with police when they began staging a die-in on a road near the embassy at 11:02 A.M. [0202 GMT], the time at which the United States dropped an atomic bomb on Nagasaki 50 years ago.

Tokai Bank Opens Branch in Tianjin, China*OW0908064395 Tokyo KYODO in English
0626 GMT 9 Aug 95*

[FBIS Transcribed Text] Nagoya, Aug. 9 KYODO — Tokai Bank, a Nagoya-based major Japanese commercial bank, said Wednesday [9 August] its newly opened branch in Tianjin, China, will start operations next Monday.

The bank said it is the second Japanese bank to open a branch in Tianjin, following one established by Sakura Bank on Tuesday.

Tokyo To Direct ODA to Middle East, Africa*OW0508143195 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 4 Aug 95 Morning Edition p 5*

[FBIS Translated Text] The government plans to revise its policy concerning official development assistance (ODA) programs which have been Asia-oriented. So far, the government has directed its ODA programs mainly toward East Asian countries but these countries have made considerable economic growth. As a result, the need for such aid has lessened in these countries, and the government thus plans to direct its aid programs to the Middle East, Africa, and other regions. The government also plans to add Peru, Turkey, and other countries to a list of countries to which it continues to extend aid each year, bringing the current list of 12 countries to a total of around 16. The move is part of a package of yen-curbing measures announced by the Finance Ministry to encourage overseas investment and loans in a bid to rev up demand for the yen.

Currently, the government continues to extend yen loans annually to 12 countries, including Indonesia, China,

the Philippines, and India. Among these, all except Egypt are Asian countries. The government has stopped extending aid to the ROK since 1991 because that country's per capita income has increased markedly. Some countries, like Malaysia, have shown reluctance to receive yen loans because of yen appreciation. As a result, the total amount of aid in yen loans provided by the government in FY94 decreased over the previous fiscal year to 880 billion yen. In Asia, many countries, such as Thailand, have increased their national income and are approaching the "stage of graduating as aid recipients." As a result, the government has found it increasingly difficult to carry out its plans to steadily expand yen loan programs.

In a bid to turn this situation around, the government plans to add more countries to its list of countries to which it provides aid annually. Among the prospective countries to be added to the list beginning the current fiscal year are Turkey, Peru, South Africa, and Brazil. For the past several years, the government has already been extending yen loans at a steady pace to Turkey and Peru, among other countries. By designating these countries to a special status under which they will receive yen loans annually, the government plans to clearly indicate its intention to steadily expand its yen loan programs. The Economic Planning Agency [EPA] "plans to improve aid programs to developing countries," (according to EPA Administrative Vice Minister Kobayashi).

However, there is a problem in that it may be difficult to carry out aid effectively in regions outside Asia where information-gathering is not easy.

Tokyo's Financial Aid to Developing Nations**Angola: \$7.7 Million***OW2507035895 Tokyo KYODO in English
0212 GMT 25 Jul 95*

[FBIS Transcribed Text] Tokyo, July 25 KYODO — Japan has extended an emergency aid of 7.7 million dollars through international organizations to help Angolan refugees, the Foreign Ministry said Tuesday [25 July].

The aid includes 3.5 million dollars for the UN High Commissioner for Refugees (UNHCR) to help the return of Angolan refugees and 1.6 million dollars to the International Committee of the Red Cross (ICRC) to support its medical activities, the ministry said.

It also includes 1.5 million dollars to the World Food Program (WFP) to help it purchase some 400 tons of canned fish.

According to the ministry, the 20-year-long civil war in Angola has killed more than 450,000 people and some 1.6 million people have become refugees, 20 percent of whom have taken shelter in neighboring countries.

Peru: 32.47 Billion Yen

OW2507013595 Tokyo KYODO in English
2302 GMT 24 Jul 95

[FBIS Transcribed Text] Tokyo, July 25 KYODO — Japan has offered financial assistance to Peru totaling 32.47 billion yen to help finance three infrastructure projects and increase food production, the Foreign Ministry said Tuesday [25 July].

Peruvian Prime Minister and Foreign Minister Efraim Goldenberg Schreiber exchanged documents on the aid with Japanese Ambassador to Peru Morihisa Aoki in Lima earlier in the day, the ministry said.

Of the total, 31.77 billion yen will be extended as a 30-year loan, while 700 million yen will be provided as a grant-in-aid, it said.

The yen loans, which carry an annual interest rate of 3 percent, will finance projects to improve water and sewage systems in the Lima-Callao area, beef up the country's irrigation system and improve port facilities in Callao, it said.

The grant-in-aid will be used to purchase agricultural machinery to boost food production.

Market Access Fact-Finding Project Launched

OW0908124495 Tokyo SANKEI SHIMBUN
in Japanese 5 Aug 95 Evening Edition p 1

[FBIS Translated Text] On 5 August, the Ministry of International Trade and Industry [MITI] announced that it is putting together a project team of world-renowned economists, which, while performing a three-way comparison of the Japanese, European and U.S. markets, will launch a "Japanese market access fact-finding investigation" to determine whether the Japanese market is indeed closed. The team will be organized by the end of August and continue its work for five years. The investigation will be characterized by its emphasis on analyzing Japan's "keiretsu" system and unique "business practices," into which it will delve deeply. Europe and the United States roundly criticized Japan over these issues during the recent Japan-United States automobile talks.

This project was agreed upon as a concrete means to begin economic structural reforms which are part of the urgent economic measures announced in June to counter the high value of the yen. MITI has set up an office in the Japan External Trade Organization (JETRO) and

earmarked approximately 120 million yen in JETRO's budget this fiscal year for the new project. The first meeting will be held on 28 August in Tokyo.

Motoshige Ito, a professor at Tokyo University, will head the nine-member team. Other members of the team of world experts on such topics as international trade and Japanese economics include, Takatoshi Ito, professor, Hitotsubashi University Economic Research Center; Eruhanan Herupuman [as transliterated], professor, Tel Aviv University (Israel); Gary Sakusonhausu [as transliterated], professor, University of Michigan (United States); and John Satton [as transliterated], professor, University of London (Great Britain).

Every year the group will study five different industrial fields and over the five-year period will compile comprehensive reports on the market structures of 25 fields in Japan, the United States, and Europe. During this year, which is the first year of the project, the five fields to be studied are: "housing," "medical instruments," "cosmetics," "processed foods," and "chemical products."

The objective of the project is to further stimulate the promotion of imports in the hope of reducing the trade surplus, which is considered a cause of the high value of the yen. Due to the frequent criticism from overseas that "invisible barriers to the Japanese market keep it closed," MITI decided to launch a project to closely investigate whether "invisible barriers" really exist. MITI's International Trade Administration Bureau claims, "An investigation such as this, which gathers together world-renowned scholars to carry out a three-way comparative market analysis, is unprecedented."

BOJ Head on Economy, Credit Unions, Others

OW1008095195 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 10 Aug 95 Morning Edition p 5

[FBIS Translated Text] Bank of Japan [BOJ] Governor Yasuo Matsushita held a news conference on 9 August. Commenting on the present situation of the Japanese economy, he stated: "There are no changes to note in a general observation that the economic recovery is somewhat at a standstill." He indicated his plan to watch for any effects from a series of monetary relaxation measures for the time being. Regarding future prospects, he stressed that "future economic recovery can be anticipated" by citing various factors. For example, the yen's sharp rise against the dollar has been corrected and stock prices are showing a steady rise.

Moreover, regarding the handling of the bankrupt Cosmo Credit Corporation [CCC], he stated: "The Tokyo Metropolitan Government, the Finance Ministry,

and the BOJ are engaged in joint efforts to rapidly work out measures to deal with this problem."

The short-term market interest rate has continuously dropped below the discount rate. Under such a reversed situation, it has been noted in some quarters that the discount rate might possibly face a further reduction. However, Governor Matsushita denied this possibility, stating: "The argument for reducing the discount rate just because the short-term market interest rate has gone below the discount rate is tantamount to putting the cart before the horse." Then, he added: "We will now focus attention on how the effects of monetary relaxation measures can contribute to enterprise investment activities and credit creation."

Welcoming the recent development of foreign exchange rates as a "favorable" tendency, Matsushita said: "We will closely cooperate with other nations so that a foreign exchange market reflecting fundamentals (fundamental conditions for economy) of other nations can be formed." In this way, he indicated that further measures will be taken to put the yen's appreciation on the right track, primarily via coordinated intervention.

In dealing with the CCC problem, it has been decided that measures should be taken to protect customers with huge, high-interest deposits. Regarding this, Matsushita pointed out that "the contracts between CCC and depositors on interest rate should not be denied." He also indicated that "the appropriateness of this measure will be a major point of study in reviewing the deposit insurance system in the future."

Commenting on how to handle bankrupt financial institutions, he stated: "To maintain or foster a credit order, measures should be taken to either liquidate [seisan] or eliminate [shometsu] bankrupt financial institutions." He then reiterated that "it is necessary to thoroughly investigate the responsibility of executives whose management has resulted in bankruptcy."

Hashimoto on Economy, Trade Issues With U.S.

OW0808231995 Tokyo KYODO in English
2312 GMT 8 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 9 KYODO — Japan may need to issue deficit-covering bonds in the fiscal 1996 budget, to spur the economy, newly reappointed Trade and Industry Minister Ryutaro Hashimoto said early Wednesday [9 August].

Deficit or construction bonds are needed for the second supplementary budget for the current fiscal year, expected to be compiled this fall, Hashimoto said, a few hours after being kept on as head of the Ministry of International Trade and Industry (MITI).

The means of repaying the debt can be worked out later but, "it's time to get the economy firmly back on a recovery path," he said in an interview with KYODO NEWS SERVICE and other media.

"In addition, I think that in compiling next fiscal year's budget, too, if the economic conditions remain the same as now, considering the road ahead, deficit bonds will be necessary," Hashimoto said.

"It may be called adventurism, but I have a feeling that without that degree of initiative, we can't get the economy on a tone of recovery," he said.

Hashimoto welcomed a call made last week in Tokyo by U.S. Commerce Undersecretary Jeffrey Garten for a more conciliatory framework for handling bilateral trade disputes to try to break the cycle of spats between the world's two biggest economies.

"Of course I want to proceed with policy dialogue," Hashimoto said, adding that in the last year "there hasn't been that atmosphere" from Washington.

U.S. Commerce Secretary Ron Brown has publicly played down Garten's scheme, stressing it reflects Garten's personal opinions, quashing any suggestions that the U.S. might go easy on Japan after the bruising auto trade row, settled by Hashimoto and U.S. Trade Representative Mickey Kantor June 28, just hours before the U.S. was to slap trade sanctions on Japanese luxury cars.

Hashimoto repeated a call for a dispute settlement body, citing such issues as patent systems, that Japan wants addressed, and suggesting such a system should be a private-sector mediation panel comprising disinterested parties.

On the Asia-Pacific Economic Cooperation (APEC) forum summit slated for November in Osaka, Hashimoto said selected cabinet ministers should meet as soon as possible to prepare for the summit, which is designed to flesh out last year's APEC vow to achieve free trade and investment regionwide by 2020.

In an earlier news conference, Hashimoto acknowledged that political preparations for the summit are behind schedule and more work is needed at the cabinet level.

Among the issues requiring high-level attention are farm policies, where there is domestic opposition to liberalization measures Japan agreed to in the Uruguay Round of global trade talks, Hashimoto said.

BOJ Intervention in Foreign Reserves Criticized

952A0627A Tokyo SENTAKU in Japanese Jun 95
pp 72-74

[Unattributed article: "The 'Foreign Exchange Funds Special Account' Which Produced a Loss of 12 Trillion Yen From the Difference of Quotations: The Bill for Swelling 'Bank of Japan Intervention'"]

[FBIS Translated Text] Liberal Democratic Party Policy Affairs Research Council Chairman Koichi Kato has suddenly taken up international finance. He invited executives of major banks and persons who have experience as deputy vice ministers for financial affairs in the Ministry of Finance, and is enthusiastically studying intervention and foreign currency reserves.

At the end of April Japan's foreign reserves were at the level of \$150 billion. Swelling because of intervention which had little effect, the exchange loss reaches 10 trillion yen even if estimated conservatively. Is not intervention which is wasted effort a waste of foreign reserves, which are the nation's wealth? Such criticism has mounted.

What shows this directly is probably the deliberations in the Diet. The ones who recently are pursuing Finance Minister Masayoshi Takemura with questions about the exchange loss accompanying intervention are none other than government-party LDP Diet members. The fact that LDP Diet members are asking the questions that used to be the specialty of Japanese Communist Party Diet members is somehow like a comic strip. The ones pulling strings in the background are none other than Chairman Kato and other Policy Affairs Research Council executives.

The LDP Diet members' questions are not a simple pretend act. In the Policy Affairs Research Council and so on they have begun to study the issue quite seriously. A Finance Ministry alumnus who has been summoned to a study meeting and has given a lecture said: "I was surprised at the large number of Diet members who have lost patience with the lack of effectiveness of intervention."

The questions which appeared were such things as: "Why has Japan not invested the foreign reserves in gold?" and "Can't Japan switch the foreign reserves to German marks and so on instead of only dollars?"

Diet members who "up till now had swallowed the Finance Ministry's explanation that the yen was strong because speculators were playing tricks," suddenly began to study that reasoning because since the beginning of this year the strong yen was not normal.

This Year It Grew by All of \$30 Billion

Japan's foreign reserves grew by all of approximately \$30 billion this year. Needless to say, the reason for the growth is the Bank of Japan's interventions of selling yen and buying dollars. The Bank of Japan receives commissions from the minister for finance and carries out the interventions. Since February, in a situation in which U.S. dollars were being sold and the price of yen rose sharply, the Bank of Japan has bought up dollars almost every day in units of several hundred million dollars per day. The intervention orders are placed with the currency trading rooms of such major banks as city banks.

On the desks of the chief traders of major banks, the names of major clients are lined up on the board, and lights go on and off every time there is a contact. In particular the lights on the exclusive lines for the Ministry of Finance and the Bank of Japan continued to go on and off without interruption. When the trader picks up the receiver, on the other end of the line there is a person in charge of intervention for the Foreign Exchange Division, International Bureau of the Bank of Japan.

They went on buying up dollars by saying, for example: "Please buy 10 lines [of dollars] at 85 yen to \$1." One line stands for \$1 million. Even in the case of intervention, it was not limited to the Tokyo Foreign Exchange Market. On the New York market, it commissioned the Federal Reserve Bank of New York to buy dollars, and on European markets, it commissioned the Bank of England and the German Federal Reserve Bank.

When opportune, the Bank of Japan also intervened in the early-morning Sidney market, and the Singapore market which is about noon Tokyo-time. What was the United States doing when Tokyo was frantically intervening? This year it intervened on only a few days. The real situation is that: "Moreover, the amount of intervention for a single day never exceeded \$1 billion as it did for the Bank of Japan," (foreign exchange trader).

The current strong yen and weak dollar are not the fault of Japan alone. If the current account surplus which reaches \$130 billion per year is the "strong-yen" factor of the Japanese side, the budget deficit which exceeds \$160 billion per year is the "weak-dollar" factor of the U.S. side. Moreover, the United States was also unable to devise effective measures for the the Mexican currency crisis since the end of last year, an emergency on its own doorstep.

One can also say that the fact that confidence in the dollar was shaken internationally, spread the mood for

general weakness of the dollar against the yen and the mark.

Nevertheless, the United States pretended not to see the weak dollar. Japan alone is being forced to bear the consequences by selling yen and buying dollars. This kind of dissatisfaction has grown among the above-mentioned Diet members.

Ironically, there is an observation that: "Japan's intervention has become an important factor which prevents the United States from defending the dollar in earnest," because it automatically helps the U.S.'s finances by investing in U.S. Government bonds the dollars bought up in the interventions.

A Grand "(Uncontrolled) Loss" on a National Scale

It is clear at a glance if one looks at fluctuations in the balance of U.S. treasury bonds in the names of overseas central banks which the Federal Reserve Board (FRB) keeps in trust. On occasions when the Bank of Japan intervened by actively buying dollars, such as the last days of March and the middle of April, its balance increased by over \$10 billion in one week.

Because it is siphoning government bonds off the U.S. bond market, the market price of U.S. Government bonds rises. To put it in another way, even with the rapid weakening of the dollar, U.S. long-term interest rates continue to decline, and the interest on the 30-year government bond, which is the indicator, fell below 7 percent. The U.S. stock market also set new record highs day after day.

Like someone selling bananas at ever lower prices, the United States, which neglected the weakness of its own currency, got by without feeling the pain of the weak dollar. A certain Finance Ministry alumnus says with a forced laugh: "What American politicians worry about most are the unemployment rate and stock prices. Even if Prime Minister Takemura preaches reduction of the budget deficit and the current account deficit, it probably falls on deaf ears."

To the extent that the Bank of Japan has continued intervention by buying dollars, it has resulted in helping this U.S. posture. The bill for that has rebounded as a huge foreign-reserve appraisal loss. According to the budget on the Foreign Exchange Fund Special Account, it is estimated that the appraisal loss at the end of FY95 will accumulate to 9.8 trillion yen, but it is a budget bill, so it is an estimate at the stage of the end of last year. It is based on the premise that FY95 will not generate an appraisal loss.

At that time the market value of the yen was about 100 yen to the dollar. For a time the strong yen advanced as

far as the level of 79 yen to the dollar, so the appraisal loss swelled still more. If we take the foreign currency reserves of \$120 billion up to the beginning of the year as the base, it works out that the appraisal loss swelled by all of 2.4 trillion yen because of a strengthening of the yen against the dollar by approximately 20 yen.

After that, the appraisal loss appears to have declined slightly because the market price of the yen was pushed back to between 85 yen and 89 yen to the dollar. However it works out that the Foreign Exchange Funds Special Account suffered an appraisal loss of as much as over 12 trillion yen. If one considers that the annual scale of the current account is 70 trillion yen, one can probably easily get an idea of the size of an appraisal loss of over 12 trillion yen.

The appraisal loss of the Foreign Exchange Funds Special Account can probably also be likened to a huge "(uncontrolled) loss" on a national scale. Because, in terms of a corporation, it is in a state in which, even though an appraisal loss appears on the balance sheet, it does not add the actual loss accompanying depreciation on a profit-and-loss-statement base. On the contrary, by continuing dollar-buying intervention, the appraisal loss of the balance sheet, referred to as the Foreign Exchange Funds Special Account, has snowballed.

This kind of recklessness goes unchallenged because, though yen funds are necessary in order to sell yen, the Ministry of Finance need only print short-term government instruments. The interest on these short-term government instruments is below the official rate (which is currently 1 percent), so the Bank of Japan is underwriting almost all of them. The public finance law prohibits Bank of Japan underwriting of government bonds, but short-term government instruments are held to be "temporary stop-gap procurement of funds," so they are an exception to that.

The amount of government short-term government instruments to be issued is decided by the Diet, but the limit on the amount issued has been raised each year with almost no deliberation on the actual situation. Even though the appraisal loss snowballs because of intervention, so long as the issuing of government short-term instruments continues, the Foreign Exchange Funds Special Account will never have difficulty in procuring funds. Therein lies the mechanism by which the Foreign Exchange Funds Special Account can continue to "do business" even if it runs deficits in the manner of the former Japan National Railway.

However, any number of contradictions are produced behind that. The issuing of government short-term instruments, which was supposed to be "temporary stop-gap procurement of funds," gets stuck at a high

level, so the underwriting by the Bank of Japan ends up becoming the normal state. The Bank of Japan is working things out by selling the government short-term instruments which it underwrote on the short-term financial market, but the selling-rate is the short-term effective rate. The short-term effective rate is higher than the official rate, so the Bank of Japan ends up with a back spread to the extent that it underwrites government short-term instruments.

Asian Nations, Too, Bemoan the Strong Yen

Even though one explains this clearly as a question of replacement of accounts within the government and the Bank of Japan, there remains the big problem of relaxation of government finance discipline accompanying underwriting by the Bank of Japan. The most important evil is probably that it is continuing intervention in a situation in which it is not known whether there is an effect even if one intervenes. The Japanese Government should make the bluff: "We will switch the foreign reserves to a currency other than the U.S. dollar." But if it said that kind of thing directly, it could very well amount to trodding on the tail of the U.S. tiger.

As to questions in the Diet on the appraisal-loss problem coming one after the other, it seems likely that there is an aspect of the Diet's being in a race with the government to make things happen. It is transmitting to the U.S. side the signal that domestic public opinion is tired of chasing after the U.S.'s current account deficit.

What may be relief for Japan is the movement of Asian countries away from the dollar. The fact that the central banks of such Asian countries as Singapore, Taiwan, and China are lowering the proportion of dollars in their foreign reserves and raising the proportion of yen and marks is also for no reason other than that they dislike dollars which lose value. All the more so because the foreign reserves of Asia's eight major countries and regions rival those of the G-7 [group of seven] advanced countries, Asia's move away from the dollar is about to become tacit pressure on the United States.

As though having gained energy from that, there has begun to appear in Japan, also, arguments for such things as internationalization of the yen and establishment of a yen bloc in Asia. But it is best not to forget that Asian countries are the ones who are wary of this kind of argument.

What is typical, is the problem of exchange-loss from the yen loans which Asian countries borrowed from Japan. All the more so because Asian countries are tying their own currencies to the dollar, the amount of the interest and principle paid on yen loans swelled accompanying the rapid increase in the yen's strength.

This is why China and others are seeking to reduce the amount.

To Japan, it is convenient to make loans in yen and to purchase yen-denomination bonds because it can get by without incurring exchange loss. It is because this kind of mechanism operates that the amount of such yen-denomination bonds as Euro-yen bonds issued in just the single year of 1994 reached approximately 10 trillion yen, and that most of them were purchased by Japanese investors.

To that extent, the exchange risk has been shifted to Asian countries and others who are the borrowers. Current account surpluses have accumulated to Japan, so in a certain sense internationalization of the yen is a natural trend. But the exchange risk incurred by those who deal with us also increases all the more because there are wide swings in the market price of yen.

Unlike Europe, where the mark has become the standard currency for the two aspects of trade and capital transactions, in Asia it has taken on an irregular form in which the yen is grafted on to a place where the dollar is the standard currency. Even if Japan advocates a shift toward Asia with the objective of distancing itself from the United States, it will probably just be rejected.

A certain American economist tosses the ball back to us, saying: "If you say you are troubled by the weak dollar, or that U.S. discipline is slack, will Japan bear the responsibility of a standard currency?" If Japan is to try to become a standard-currency country, it will be necessary for Japan to supply foreign countries with yen-liquidity in a stable manner.

That is nothing other than increasing the wealth of the domestic market, and increasing imports from overseas. But Japan's annual volume of imports is on the level of \$200 billion, lower than the more than \$300 billion of Germany, which has a small-scale economy. In that sense, the argument that the yen should become more international because Japan's current account surplus is the largest in the world is upside down.

As a result of having to depend upon such overseas markets as the United States because the domestic market is limited, the yen becomes strong, and the bill for that has become the huge appraisal loss of the foreign currency reserves. That can also be called a symbol of the lack of conceptual power of a Japan which cannot change the structure of its economy. How long will the wasted effort continue?

Reportage on Bad Loans of Housing Lenders**Panel Debates Bad Debts**

OW0808135795 Tokyo KYODO in English
1325 GMT 8 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — An advisory panel to the finance minister on Tuesday [8 August] began discussion to set the fate of the nation's housing loan companies, which have been gripped with huge nonperforming loans since the burst of the "bubble" economy, Finance Ministry officials said.

A subcommittee on financial system stabilization under the financial system research council explored ways to liquidate their bad loans, estimated to total more than 6 trillion yen.

Their 10-year reconstruction plans sketched out in 1993 have almost reached an impasse due to slumping real estate prices.

The day's meeting ended without any conclusion or direction been agreed upon, the officials said.

Subcommittee members did agree on the need for further study of actual business conditions of the existing eight housing loan firms, they said.

Some argued that administrative authorities, as well as founding banks of housing lenders, should take responsibility for the financial mess of housing loan firms, they said.

On the use of public money for liquidation of housing loan firms, there were both negative and positive opinions, they said.

Some also voiced doubts about the reasons for housing loan firms to exist under changing circumstances, they said.

Future Firms To Be Examined

OW0808154895 Tokyo KYODO in English
1521 GMT 8 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — The role of housing loan companies is effectively over, ministry sources said Tuesday.

The judgement was shown at the first meeting on Tuesday [8 August] of a government panel on ways to deal with bad loans of housing loan companies, the sources said.

At the meeting sponsored by a subcommittee under the Financial System Research Council, an advisory body to the finance minister, the ministry detailed the history of housing loan companies and presented data showing business has deviated from its original purpose

of extending housing loans to individuals, the sources said.

After the meeting, a ministry official told a news conference, "the situation surrounding housing lenders has changed."

Housing loan firms, known as "jusen," are saddled with nonperforming loans of more than 6 trillion yen, and their 10-year reconstruction plans mapped out in 1993 have virtually reached an impasse due to slumping real estate prices.

Apparently aiming to pave the way for liquidation of the ailing firms, the ministry determined that such companies no longer have reason to remain in business.

The eight companies were established in the 1970s with the backing of the Finance Ministry to meet growing demand for individual housing loans.

But individual housing loans extended by jusen companies accounted for only 1.9 percent of total such loans in fiscal 1993, a sharp drop from 7.3 percent in fiscal 1980, according to the ministry's data presented to Tuesday's government panel meeting.

The share plunged as founding banks of housing lenders gradually entered housing loan business and the government-funded Housing Loan Corp. also expanded its loans, financial sources said.

In the last decade, jusen have shifted from providing loans to individuals, focusing instead on housing developers and other corporations for real estate deals, the officials said.

As a result, the share of jusen's individual loan business sank to 20 percent of their overall deals at the end of fiscal 1994 from a peak 96 percent at the end of fiscal 1980, the data showed.

Capping set in the early 1990s on lending by financial institutions for real estate transactions also prompted housing lenders to shift from individual housing loans to property business for corporate clients.

The subcommittee on stabilization of the financial system discussed Tuesday the woes of the housing loan companies as part of the issue of disposal of nonperforming loans at financial institutions, the ministry sources said.

However, no conclusion was reached on the matter, the sources said.

Some participants believe that administrative authorities, such as the Finance Ministry, and the founder banks of housing lenders should take responsibility in the housing loans quagmire, they said.

Opinions were mixed about the use of public funds to liquidate housing loan firms, they added.

Some also expressed concerns about the need for housing loan firms under changing conditions, they said.

Later this month, the ministry will conduct on-the-spot inspections of housing lenders for detailed subcommittee discussions on their fate and the propriety of using public funds, the sources said.

The subcommittee will write an interim report in late September on the loans' disposal, the sources said, adding that it is uncertain whether the report can make specific recommendations on housing loan firms.

Team Criticizes Lenders

OW0808163295 Tokyo KYODO in English
1615 GMT 8 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — A project team of the ruling coalition parties blamed the Finance Ministry on Tuesday [8 August] for what it sees as loose supervision over housing loan companies, officials said.

At the fifth meeting of the financial and securities project team on financial institutions' bad loans, many members charged that the ministry's controls were too lenient, while management of housing loan firms was also problematic, the officials said.

Housing loan companies were inclined toward loans to the real estate sector and away from their original business of extending housing loans to individuals during the speculative "bubble" economy in the late 1980s.

The project team urged the ministry to conduct on-the-spot inspection of housing loan firms at an early date in order to clarify real conditions of their bad loans, they said.

The team will hold several rounds of meetings by early September, with the next on Aug. 22 to draw up a report to submit to an extraordinary Diet session this fall, they said.

Disposal Costs 4.6 Trillion Yen

OW0908122595 Tokyo KYODO in English
1210 GMT 9 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 9 KYODO — The disposal by seven housing loan companies of their bad loans and securities and land holdings would cost them a total of 4.6 trillion yen, according to a Finance Ministry document made available Wednesday [9 August].

The figure was reported by ministry officials, and KYODO NEWS SERVICE obtained a copy of the document containing various data on the financial condition of the housing loan firms.

The ministry calculated the figure by scrutinizing documents submitted by the firms, coalition party sources said.

The document was submitted as a row intensifies over how to share the huge cost of disposal between the camp of Japan's 21 major banks that founded five of the seven housing lenders and the other camp of agriculture cooperatives-affiliated financial institutions which lent massively to the housing loan firms.

In compiling the figures, the ministry examined the current market value of land plots offered as collateral to the housing loan firms. Their value is sharply lower than the initial appraisal by the lenders in extending their loans.

The seven lenders are Nippon Housing Loan Co., Japan Housing Loan Inc., Housing Loan Service Co., Sogo Jukin Co., Daiichi Housing Loan Co., Jyuso Inc., and Chigin-Seiho and Housing Loan Co.

Out of their cumulative value of bad loans at some 6.1 trillion yen, irrecoverable loans account for 3.6 trillion yen, the document says.

In addition to these irrecoverable loans, the lenders are saddled with other unrealized losses accruing from their holdings of land, stocks and other securities whose cumulative value has plummeted by a total of 1 trillion yen, the document says.

The seven housing loan companies had borrowed a total of 12.97 trillion yen from other financial institutions by March 31, of which they lent 10.8 trillion yen to real estate developers and other borrowers, it says.

Of the 10.8 trillion yen, some 6.14 trillion yen worth of loans are nonperforming.

These bad loans break down into three categories — loans to bankrupt borrowers, loans whose interest payments have been in arrears for more than six months and loans on whose interest the lenders have waived their claims, partly in view of the serious liquidity problems of the borrowers.

Of the 3.6 trillion yen in irrecoverable bad loans, some 40 percent, or 1.44 trillion yen, was extended by the agriculture cooperatives' affiliated institutions, the sources said.

An official of one of the leading banks which founded one of the seven firms said, "our own calculations

showed that some 70 percent of the nonperforming loans extended by the seven are irrecoverable."

"The calculations show that a 5 trillion yen portion of these bad loans are irrecoverable, as we have to add to the cumulative value of the irrecoverable loans the aggregate value of real estate and securities whose value has plummeted," the official said.

The ministry plans to conduct an on-the-spot inspection of related accounting documents of the housing loan companies, starting in mid-August, to get a clear picture of the magnitude of their bad loans, ministry official said.

In view of the comment by the bank official, the 4.6 trillion yen figure may have to be inflated further depending on the outcome of the on-the-spot investigation, the sources said.

The ministry plans to work out the details of measures for disposing of these huge irrecoverable loans through consultations with the agricultural cooperative-related institutions and the 21 founder banks, they said.

In a related development, deputies from the founder banks and the agriculture cooperatives-related institutions remained at odds over their responsibility for the bad loan issue, as they discussed it at a hearing held by the ruling coalition, said sources close to the session.

Toshiyuki Ogura, managing director of Fuji Bank, stressed that the agricultural institutions and other lenders should take chief responsibility for disposing of the loans extended by the housing lenders, the sources said.

But Mitsuo Naito, senior managing director of Norinchukin Bank, the central power among the farm industry-related financial institutions, returned fire, saying commercial banks, as founders of the housing loan firms, should take as much responsibility as possible, they said.

MOF To Ask Cosmo Creditors To Forgive Debts

*OW0908121095 Tokyo KYODO in English
1143 GMT 9 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 9 KYODO — The Ministry of Finance (MOF) and the Bank of Japan are moving to ask major creditor banks of bankrupt Cosmo Credit Corp. to forgive all of their claims, financial sources said Wednesday [9 August].

The move is in response to an expected increase in nonperforming loans at the Tokyo credit bank above the original estimate, which would require additional funding to make feasible a program crafted by the

Tokyo Metropolitan Government to settle Cosmo's debts, the sources said.

But it remains to be seen what kind of reception the request will get, the sources said. They added that the banks which would be asked to forgive the loans will likely oppose the move as they are saddled with massive bad loans of their own following the burst of the "bubble" economy in the late 1980s.

Subject to the new plan are Sanwa Bank, Sakura Bank and other major commercial banks with close business ties with SS Pharmaceutical Co., a company led by Sampachi Taido, former head of Cosmo, the sources said.

Other financial institutions that have extended loans to Cosmo will likely be asked to abandon 60 percent of their claims, the sources said.

A plan worked out by the metropolitan government, which supervises credit unions in Tokyo, calls for all financial institutions concerned to give up a uniform 40 percent of their loans to Cosmo, or a combined 43.8 billion yen.

The plan is based on the assumption that a total of 222 billion yen in aid is necessary to help dispose of Cosmo's nonperforming loans.

But the plan will likely be reviewed in light of calculations by financial authorities that 240 billion yen will be needed to make up for bad loans at Cosmo that are greater than originally estimated, the sources said.

The amount of loans to be forgiven by Cosmo's main banks is estimated to total around 80 billion yen, the sources said.

The 240 billion yen of aid would be covered by a grant of 20 billion yen by the metropolitan government and contributions of 100 billion yen by member credit unions under the deposit insurance system, as well as the foregone 80 billion yen, the sources said.

The remaining 40 billion yen would be financed by the National Federation of Credit Cooperatives, a nationwide industry organization of credit unions, they said.

Federation officials said earlier in the day that the industry is prepared to extend assistance to Cosmo.

The outstanding balance of debts owed to 25 financial institutions by Cosmo stood at 131.9 billion yen as of May this year, according to estimates by the metropolitan government.

Cosmo was ordered to suspend operations last week as depositors rushed to the credit union to withdraw funds following a newspaper report that it was in a crisis.

Ministry Not To Fire Official Over Contract

OW0208092695 Tokyo KYODO in English
0859 GMT 2 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — The Finance Ministry decided Wednesday [2 August] not to officially dismiss a former senior ministry official over revelations that he had signed a business contract with a management consultant linked to a man at the center of the Tokyo Kyowa Credit Association scandal, ministry officials said.

Yoshio Nakajima, 53, former head of the ministry's Institute of Fiscal and Monetary Policy, resigned Friday after finance minister Masayoshi Takemura dismissed him from the top post of the institute.

Nakajima, ex-deputy director general of the ministry's budget bureau, came under public criticism for his signing the contract with Kunio Kubota, the alleged associate of Harunori Takahashi, former president of the now-defunct Tokyo Kyowa Credit Association.

The ministry revealed Saturday that Nakajima held shares in Electronic and Industrial Enterprises Inc. (EIE), a trading house headed by Takahashi and specializing in computers and office automation equipment.

Takahashi is now under indictment on charges of breaching the trust placed in him by his credit union by extending illegal loans to various companies without securing sufficient collateral.

The ministry officials said they have decided not to officially dismiss Nakajima, as his contract with Kubota and his dealing in shares of a firm formerly headed by Takahashi do not amount to violations of the National Civil Service Law.

The law bans government officials from assuming private corporate posts or engaging in profit-making corporate management.

The officials said their probe found that, despite allegations in some media reports to the contrary, Nakajima bought and sold the EIE shares after their over-the-counter debut. EIE shares were registered for over-the-counter trading in August 1986.

People able to buy shares in certain companies before their over-the-counter debut can usually enjoy handsome profits, as such shares often soar in value after such a debut.

Nakajima admitted to having signed a contract in February last year with Kubota to invest 20 million yen in a business importing and selling Chinese health beverages in exchange for receiving lucrative profits expected from the new business.

Defense Industry To Employ CALS System

OW0608120695 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 28 Jul 95 Morning Edition p 11

[Unattributed article: "CALS System To Be Used on Test Basis"]

[FBIS Translated Text] In 1996, the Defense Agency [DA] and companies such as Mitsubishi Heavy Industries will begin to computerize information on defense equipment, and test-use the computer-aided acquisition and logistics support (CALS) system to improve efficiency in their development, procurement, and maintenance operations.

The first step is: all blueprints for the surface-to-air interceptor missile "Patriot," which the Air Self-Defense Forces [SDF] want to put in proper order, will be put into computers so that defense industry firms, like Mitsubishi Heavy Industries, Mitsubishi Electric Corporation, and Toshiba Corporation, can use them. The Ground SDF and Maritime SDF separately are studying putting information on at least one piece of equipment into the CALS system in 1996. The idea is to standardize the huge volume of print information and drawings in government offices and industry, and thus shorten development and production times as well as reduce procurement costs.

The DA set up the "CALS Committee" (headed by Equipment Bureau Director Hisamitsu Arai) in June, and has since studied what models to use in the CALS system. The Patriot is a ground-to-air missile developed by Raytheon Company of the United States, and played a major role in the Gulf war. Japan started working on it in 1985 and is now licensing it, using Mitsubishi Heavy Industries as a main contractor. Information necessary for production runs to several thousand sheets only for the drawings, which the DA has approved.

For the system to begin in 1996, the existing computer-aided design (CAD) drawings and print information for the Patriot, which vary in format by company, will be made uniform and put into a database. In standardizing the information, the international standard "SGML" [expansion not known] will be used, and for the CAD drawings, the "IGES" [expansion not known] will be used. These different information systems will be put into uniform software.

Between the private companies and the DA, information will be exchanged using floppy and optical discs, and the DA will be able to review or change information using personal computers. As far as hardware is concerned, since equipment currently in use by the companies can be used, the cost in adopting and building up the

system will be limited to that of buying software sold commercially.

The DA will soon request an outside organization to study formats and how to ensure security for computerized information. If no problems are found, even contracts and operational manuals will end up being put into the computer system.

MITI Group Reports on Multimedia Development

OW0908091995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Aug 95 Morning Edition p 7

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] published on 7 August an interim report by the "Multimedia Study Group" (chaired by Keio University professor Takemochi Ishii), a private advisory body to the director general of the Machinery and Information Industries Bureau.

The report points out: "Although the groundwork for the realization of a multimedia society is being laid, it is going on at an extremely slow pace. To accelerate this process, stimulation from the administrative side is important." It emphasizes that the government should take active steps to develop new communications language and train multimedia experts.

The report claims that in terms of involvement in the multimedia field, "the major companies lag behind (compared to venture businesses)." It states that the major companies should not only undertake ventures within their own companies, but "should also consider joint investment and setting up joint funds with U.S. venture capital."

Furthermore, the report notes that "with the popularization of multimedia, computer graphics and other visual technologies will be increasingly important." It suggests an expansion of exchanges between science and engineering students and arts majors in the universities, and asserts the need to have a subsidy system to help small and medium-sized businesses train their own personnel.

The study group was set up in December 1994 to examine ways to develop the multimedia sector, which combines visual images, text, and audio elements. Members of the group come from record companies, "yobiko" [cramming schools for preparing for university entrance tests], trading firms, and travel agencies. MITI says that "specific issues raised in the interim report will be examined in more detail in the autumn" (according to the Multimedia Policy Office).

Official Against Takemura's Nuclear Protest Plan

OW1008144495 Tokyo KYODO in English 1420 GMT 10 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 10 KYODO — A top Foreign Ministry official expressed disapproval Thursday [10 August] night of plans by Finance Minister Masayoshi Takemura to board a ship to protest at France's resumption of nuclear tests in the South Pacific in September.

Cabinet ministers and government officials should not take part in such actions because it may harm relations between Japan and France, the official said on condition of anonymity.

Even if Takemura joins the protest as a politician and not as a cabinet minister, the French Government would probably consider his participation as representing the Japanese Government, he said.

The Japanese Government seeks the withdrawal of the French plan to resume nuclear tests by holding bilateral talks and through multilateral forums, and not by other means such as supporting a boycott of French products, the official said.

On Monday, Takemura and 22 other legislators opposing the French plan formed a special all-party Diet league.

Some 20 league members will go to Tahiti and participate in a Sept. 2 demonstration against the tests and five will join legislators from other nations on board a ship that will sail to the west [as received] Pacific to protest at the underground tests on Mururoa Atoll.

Takemura, who also heads New Party Sakigake [Harbinger], the smallest of the three ruling coalition parties, said during a stomping [as received] tour for last month's House of Councillors election that he would participate in the protest on the ship.

Political Parties Delay Review of PKO Law

OW0908234595 Tokyo YOMIURI SHIMBUN in Japanese 6 Aug 95 Morning Edition p 3

[By Manami Hayashi and Tetsuo Hidaka: "Review of the PKO Law"; from the "Political Modernology" column]

[FBIS Translated Text] On 10 August, the UN Peacekeeping Operation (PKO) Cooperation Law will mark its third anniversary, and the law is supposed to be reviewed on this opportunity. However, both the ruling coalition and the Shinshinto [New Frontier Party] show no positive stance toward removal of the ban on Japan's full participation in the UN peacekeeping forces (PKF).

which should be the focal point of the third-year review. Why? This article will discuss the reasons for concerned parties' prudent attitude toward the PKO law revision in connection with recent moves of the United Nations, which is losing confidence in its peacekeeping roles.

Government's Stance

The third-year rule was incorporated into the final draft of the PKO law in June 1992 by the Liberal Democratic Party [LDP], the (former) Komeito [Clean Government Party], and the (former) Democratic Socialist Party [DSP]. The third-year rule is attached to provisions on freezing the PKF roles and on the Diet's supervision of the dispatch of Self-Defense Forces [SDF] overseas. Those provisions were prepared as the LDP's political concessions to obtain cooperation from Komeito and the DSP since the Diet debates on the bill were deadlocked by opposition from the Social Democratic Party of Japan [SDPJ]. In this regard, the government's stance is: "the government, especially bureaucrats, should not take the initiative in the revision of the law" (as noted by a government source).

Yet, the government's International Peace Cooperation Office is preparing draft data for the PKO law revision based on lessons learned from the SDF's previous overseas operations.

Two Focal Points

When the PKO law is revised, the biggest focal point will be whether or not Japan's PKF roles should be unfrozen.

In the PKO law, Japan's roles in the UN forces are defined in six articles of the law, including cease-fire supervision, disarmament, and separation of confronting forces. However, these were all frozen until approval of those roles in a separate law. To unfreeze the ban, procedures for the use of firearms during the SDF's overseas operations should be reviewed as the law in effect says "individual SDF staff should use firearms at his or her discretion only when necessary to ensure personal safety."

The Defense Agency noted "it is difficult for us to approve SDF operations as part of UN forces unless the firearms procedures are reviewed" (as noted by a senior official).

In response to strong requests from commanding officers who joined UN operations, the 1995 defense white paper notes "SDF staff felt the firearms rule was very stressful because firing was allowed only at their personal discretion."

Political Parties

Government officials view "a full revision of the PKO law as impossible under the coalition government." The SDPJ postponed its decision on SDF participation in the UN operations in the Golan Heights as "it may result in the unfreezing of the dispatch of the SDF to UN forces and all other military operations overseas." In the upper house election campaign, SDPJ Secretary General Wataru Kubo noted: "The SDPJ is not going to agree on unfreezing SDF roles in UN forces immediately." Judging from the SDPJ's prudent attitude toward reviewing procedures for firearms use by SDF staff in UN operations, the party is highly likely to oppose unfreezing SDF operations in UN forces.

Even LDP members are taking cautious attitudes toward an early unfreezing of UN forces operations, mainly because of the deadlock over UN operations in Bosnia-Herzegovina. The Sakigake [Harbinger] Party is also taking a very prudent attitude toward this issue.

While the "review of the ban on PKF roles" was a campaign pledge by Shinshinto, the party has not yet shown any tangible action to seek an early revision of the law, noting "lack of party consensus." This is probably because of the party's consideration for the powerful former Komeito group.

Under such circumstances, government officials say "it is better to wait till the right moment comes for a full revision of the law." A government source noted "the third-year rule allows a revision anytime after three years, and that does not have to happen right now."

The ruling coalition is supposed to make a decision on whether or not the SDF should be sent to the Golan Heights before the end of August. The SDPJ may agree to the SDF dispatch to UN operations in the Golan Heights in exchange for revision of the PKO law.

Ministers Speak on Tasks Facing New Cabinet

OW1008130595 Tokyo NHK General Television Network in Japanese 1320 GMT 9 Aug 95

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese at 1320 GMT on 9 August in a special program entitled "Tasks for the Reformed Murayama Cabinet" carries a live discussion by key members of the newly formed cabinet with regard to the major policy issues that need to be dealt with by the cabinet. The 70-minute panel discussion, moderated by NHK commentator Takashi Yamamoto, and participants are Foreign Minister Yohei Kono, Finance Minister Masayoshi Takemura, International Trade and Industry Minister Ryutaro Hashimoto, Health and Welfare Minister Churyo Morii, Construction Minister Yoshiro

Mori, Chief Cabinet Secretary Koken Nosaka, and Economic Planning Agency [EPA] Director General Isamu Miyazaki.

Moderator Yamamoto begins the discussion by asking Foreign Minister Kono about the meaning of the cabinet reshuffle carried out on 8 August. In reply, Kono says the ruling parties interpreted "the very low turnout in the House of Councillors' election last month" as a sign of public mistrust in the government, and realized that "what the public wants most is economic measures" to address current economic problems. Kono says: "The new cabinet was formed with full consideration given to such points."

Referring to reports that it took an unusually long time to reshuffle the cabinet because Kono wanted to leave the post of foreign minister use more of his time preparing for the LDP presidential election in September, Yamamoto asks Kono, who is also the head of the Liberal Democratic Party [LDP], if he had the LDP presidential election in mind in the cabinet reshuffle. Kono insists the reason for the delay in deciding on the reshuffle was due to other reasons — the urgent need for the cabinet to finish the work of estimating budget demand and also his own attendance at the ASEAN foreign ministers' talks in Brunei.

Kono declares: "Some news media reported that there was mistrust or displeasure between Prime Minister Murayama and me. The chief cabinet secretary can attest to what I say — such reports are totally incorrect. The three parties are completely in unity."

Yamamoto turns to Chief Cabinet Secretary Nosaka, and asks: "We felt there were some frictions among the heads of the ruling parties. Do you feel secure about the future of trust among the parties?" Nosaka says "I do not feel anything about that at all," and adds, "The trust among the three parties will only grow."

The moderator brings up economic issues, and asks Trade and Industry Minister Hashimoto: "What does the reformed cabinet plan to do? Will you give us your personal view on that question?"

"Immediately," Hashimoto replies, "there are two things we must do. One is to make efforts toward formulating the second 1995 supplementary budget." He adds: "The other thing is that we, as the host nation of the Asian-Pacific Economic Cooperation [APEC] forum's plenary session in November, must make a success of that event and the informal summit meeting that will be held concurrently with it."

The moderator asks Construction Minister Mori about the "role of the reshuffled cabinet." Mori says, "It is very important for the three coalition parties to cooperate and

to show what a coalition government can do and what its advantages are."

Moderator Yamamoto then brings up with Finance Minister Takemura the question of the second supplementary budget, asking him what the substance of it will be. Takemura replies, "After all, right now, the government's attention in its policy is on recovery of the economy. I think the government as a whole must make all the efforts it can to restore vigor to Japan's economy. Inasmuch as the policy on formulating the supplementary budget has been set, I want to have it drawn up in an aggressive manner and as soon as possible. As far as the contents of it are concerned, they should be essentially those which will be effective in achieving the economic recovery. We should not adhere to the past practice of limiting the thinking in the framework of public works projects."

Then, a question is posed to EPA head Miyazaki, and the moderator asks him: "You have been in the private sector for some time. Do you think the government assessment of the national economy being at a standstill is an appropriate description of the reality of the economy?"

Miyazaki replies: "The answer to that can vary, depending how the word standstill is defined. But I think it is true that the economy is not on the path of recovery as much as we had hoped it would be." He adds, "I feel it is important to ascertain the recovery of the economy more than anything else. I would like to pursue our policy toward that goal aggressively in cooperation with other offices."

The moderator then turns to Health and Welfare Minister Morii, and reminds him that Morii, while serving previously as floor whip, said that a special session of the Diet should be called in September so the supplementary budget could be passed soon. Morii admits that he had once proposed calling for the session for a short period soon after the upper house election, but that proposal was later rejected by opposition parties. He says he still thinks the Finance Ministry should complete formulating a big supplementary budget soon and the Diet should be called in September to act on it.

Asked when the second supplementary budget will be compiled, Finance Minister Takemura says: "Fundamentally speaking, it will be formed in the second half of this fiscal year. It is a financial measure for the last six months of this year." Yamamoto then asks if it will be compiled in September. Takemura answers: "I think the budget compilation will start immediately after the Obon festival [9-11 August]."

Going back to the issue of economic recovery, Yamamoto asks the MITI minister what kind concrete measures the government will introduce. Among other things, Hashimoto explains the importance of easing government regulations and revising Japan's inefficient production structure and traditional business practices, which are creating a price gap between Japan and other countries. He also mentions the need for the government to actively invest in the areas of technological development and information services.

Regarding the strong yen, Yamamoto asks Miyazaki to explain the concrete measures he plans to introduce to reduce Japan's trade surplus. Yamazaki says: "The fundamental point is to put the economic recovery into orbit. We need to promote the economic recovery by expanding domestic demand. Due to the rapid appreciation of the yen, exports are decreasing. Also, the U.S. economy is beginning to slow down. I do not mean to say that it has crashed. It was a soft landing, and it is slowing down. Because of this, exports are slowing down somewhat and imports are increasing. The current account balance, which is in the black, and the trade surplus are on a declining trend. The first thing, we have to do is to make this trend continuous. Then, we need to change our industrial structure through deregulation." Takemura also agrees with the need to promote deregulation and industrial restructuring, saying: "However, it may be painful for old traditional industries to have to make bold changes to promote restructuring." Hashimoto says that the people's fear of an uncertain future economy and possible industrial hollowing out is also contributing to economic stagnation.

On the recent ministerial meeting of the Association of South East Asian Nations, where Japan expressed its opposition to France's planned nuclear tests, Kono says that the Japanese Government, in government-to-government meetings and at other official meetings with France, needs to express its opposition, saying: "The important thing is that we need to clearly express our opposition and, at the same time, to take actions while taking into consideration the future of Japanese-European relations and the future of Asia."

Yamamoto asks how Japan, as the host nation, will display leadership at the APEC meeting. Hashimoto says Japan is expected to play a role of mapping out an action plan for liberalization of trade and investment, which was approved by the Bogor declaration.

After discussing the series of recent scandals involving bureaucrats and how they will prevent similar incidents from happening, Yamamoto turns to the LDP presidential election. Asked to comment on the possible impact

on the political situation of his moves for the forthcoming LDP presidential election, Kono says this is not a major concern for the government or the new cabinet. Kono says he has not taken any actions concerning the election. Yamamoto then points out that economic circles are calling for an early dissolution of the lower house and general elections, Kono says: "I think they are a bit too hasty or irresponsible."

The discussion ends at 1430 GMT.

SDP To Hold Extraordinary Convention 21 Sep

OW1008050695 Tokyo KYODO in English
0450 GMT 10 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 10 KYODO — Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) will hold an extraordinary convention Sept. 21, party officials said Thursday [10 August].

The schedule was finalized at a meeting of the party's policy-making Central Executive Committee on Thursday.

The convention will handle such issues as the July 23 House of Councillors election, in which the SDP suffered a major setback, and ways of transforming the SDP into a new party by combining liberal forces.

The SDP originally planned to hold the convention on either Sept. 17 or 18, but changed the schedule so as not to affect Murayama's likely visit to the Middle East in the same month, the officials said.

Nosaka Comments on Timing of General Election

OW1008115095 Tokyo KYODO in English
1103 GMT 10 Aug 95

[By Takehiko Kajita]

[FBIS Transcribed Excerpt] Tokyo, Aug. 10 KYODO — The dissolution of the House of Representatives for a general election should come after the fiscal 1996 state budget is acted upon next spring, new Chief Cabinet Secretary Koken Nosaka said Thursday [10 August].

"The timing should be sometime after the next fiscal year's budget is enacted and it is ensured that no political vacuum will be created," Nosaka said in an interview.

While showing understanding toward calls for an early general election, he also said the administration of Prime Minister Tomiichi Murayama should put all its energy into pulling the nation out of its protracted economic downturn.

Nosaka, who plays a role of coordinator between the government and the ruling parties as well as

top government spokesman, said the government will formulate a second extra budget for the current fiscal year that started April 1 and take necessary economic support measures.

"Our top priority task is to bolster the economy," said the 70-year-old Nosaka, who is known as Murayama's closest aide within the Social Democratic Party (SDP) [of Japan, SDPJ], a partner in Japan's tripartite ruling coalition.

Nosaka, who had been construction minister until the Murayama cabinet's reshuffle Tuesday, also spoke of the need for further deregulation as well as administrative and fiscal reforms.

Questioned about his perception of history, Nosaka said Japan's colonial policy and military aggression before and during World War II were "regrettable." [passage omitted]

SDP's Nosaka Vows Effort To Create New Party

OW1008133995 Tokyo KYODO in English
1311 GMT 10 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 10 KYODO — Chief Cabinet Secretary Koken Nosaka of the Social Democratic Party (SDP) pledged Thursday [10 August] to strive to inaugurate in October a new party with New Party Sakigake [Harbinger], one of the SDP's two ruling coalition partners.

Nosaka told a press conference that Prime Minister Tomiichi Murayama, who heads the SDP, is also looking to launch a new party as soon as possible.

The SDP and Sakigake, which form the three-party ruling coalition with the Liberal Democratic Party, are expected to start talks shortly for a merger to create a new party.

But the outlook for negotiations is still murky as there is a considerable number of lawmakers in both parties who are skeptical about such a step.

An SDP group led by Secretary General Wataru Kubo wants to decide at a party convention set for Sept. 21 on the schedule for dissolving the party and creating a new "liberal and democratic party."

But followers of Murayama are cautious about rushing to disband the party before any agreement with Sakigake over the merger.

Meanwhile, Sakigake head Masayoshi Takemura, who is finance minister, said Thursday the plan to form the new party in October with the SDP is still up in the air, pointing out that consensus building within his own party should come first.

Mitsuzuka Eyes 'National Party' for Stability

OW0908113595 Tokyo KYODO in English
1021 GMT 9 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 9 KYODO — The newly appointed secretary general of the Liberal Democratic Party (LDP), Hiroshi Mitsuzuka, pledged Wednesday [9 August] to seek creation of a new "national party" by joining hands with part of the opposition Shinshinto (New Frontier Party) as well as with the LDP's ruling coalition partners.

In an interview with KYODO NEWS SERVICE, Mitsuzuka said the LDP will propose forming such a party to the Social Democratic Party (SDP), New Party Sakigake [Harbinger] and a portion of Shinshinto, saying there are no serious differences in their main policy lines.

He said he believes such a party would find support from among a wide spectrum of the public.

"It is important to create a new party to follow a new path," he said, since Japanese political parties will likely converge into two major parties following the implementation of single-seat constituencies from the next general election for the House of Representatives, he said.

Mitsuzuka assumed the key party post Tuesday, succeeding Yoshiro Mori, who was appointed construction minister in the reshuffled cabinet of Prime Minister Tomiichi Murayama.

He criticized Shinshinto, saying the party is depending on a "particular organization" to achieve its goal, in an apparent reference to Shinshinto's close ties with Soka Gakkai, a powerful lay Buddhist organization.

Soka Gakkai was the main supporter of Komeito, which allied with other opposition parties last December to form Shinshinto.

Without identifying Soka Gakkai by name, Mitsuzuka argued that Shinshinto should display its independence of Soka Gakkai's influence in the party's politics.

Mitsuzuka said the lower house election will not be called until next April after the budget and related bills for the fiscal year starting in April 1996 pass the Diet.

Even if the LDP obtains a majority of seats in the election, the party will seek alliance with other parties, preferably through the establishment of a new party, he said.

On a separate occasion Wednesday, Mitsuzuka also said the LDP should aim to supply the prime minister for the new government after the general election.

In a meeting of LDP lawmakers who previously formed the Mitsuzuka faction, the party secretary general said, "it is a natural task for our party to win the election and lead the government with its own prime minister."

Editorial on Murayama's Cabinet Reshuffle

OW0908134495 Tokyo MAINICHI SHIMBUN
in Japanese 9 Aug 95 Morning Edition p 5

[Editorial: "The Big Fuss Changes Nothing"]

[FBIS Translated Text] A reshuffled Murayama cabinet was inaugurated on 8 August. After two weeks in which the merits of a small-scale cabinet reshuffle as opposed to a large-scale one were debated following the recent upper house elections, it was finally decided that Deputy Prime Minister and Foreign Minister Yohei Kono and other key ministers would stay on in the cabinet and the three ruling coalition parties gained cabinet posts for their legislators in the same proportion as in the previous cabinet.

The Murayama cabinet was reshuffled simply to provide opportunities for legislators in the three ruling parties who were hungry for cabinet posts. Prime Minister Murayama aimed to "form a new and fresh cabinet for a sweeping change of the minds of people." The reshuffled Murayama cabinet, however, bears no relation to the cabinet envisioned by the prime minister.

For what purpose was the Murayama cabinet reshuffled? The purpose and significance of reshuffling the Murayama cabinet are totally unclear. We cannot help but say: "The possibility has further grown that the Murayama cabinet will soon die."

Originally, the cabinet was to be reshuffled to keep it afloat by strengthening its weakening cohesive force and to revitalize it. This is easier said than done, though. A government with a firm foundation and a prime minister demonstrating strong leadership in changing his cabinet lineup are needed for a successful reshuffle.

There are many cases in which the new cabinet is short-lived if such conditions do not exist.

It is said that Prime Minister Murayama was at first negative about the idea of reshuffling his cabinet because of his concern about the existence of these very conditions. In the end, though, he went ahead with a reshuffle at the request of Kono, who had demanded a large-scale cabinet reshuffle in line with his strategy for his reelection as president of the ruling Liberal Democratic Party [LDP]. This demonstrates Prime Minister Murayama's lack of leadership and his optimistic judgment.

Finance Minister Takemura expressed his intention to resign as the New Party Sakigake [Harbinger] represen-

tative and Kono expressed the hope he could assume a less important cabinet post. In response, International Trade and Industry Minister Ryutaro Hashimoto made a fuss, alternately hinting he would resign from the cabinet and expressing his wish to remain in it. This is what happened after Prime Minister Murayama expressed his intention to reshuffle of the cabinet.

Both Kono and Takemura gave priority to their own intraparty strategies, though they made it clear they intended to ask Murayama to stay on as prime minister.

In the end, Kono, Takemura, and Hashimoto decided to remain in the cabinet after their strategies were blocked by Prime Minister Murayama's strong urging that they do so. The mutual distrust among the three party heads, however, has deepened following the recent reshuffle while, at the same time, the Murayama cabinet's cohesive force has abated noticeably.

It has become clear Kono and Hashimoto will vie in the LDP presidential election and the power struggle within the LDP has become quite fierce. Former LDP Policy Research Council Chairman Hiroshi Mitsuzuka is set to assume the post of LDP secretary general. Old factions in the LDP have resumed their activities and the structure of the "old LDP" is back in place. The LDP should be condemned for its failure to learn from the bitter lesson of its sluggish results in the latest upper house election, and from the less than majority of votes, it won in the 1993 general election. The LDP still shows no intention of searching its soul.

The cabinet reshuffle, the first since the Murayama coalition government was formed, ended up in the insignificant rescue of legislators hungry for ministerial posts. Now that people are voicing the need to strengthen the function of the cabinet as the centerpiece of administrative reform, we believe the government should have made a fresh study of ways to cut the number of cabinet posts in order to make the cabinet reshuffle significant.

The inauguration of the new Murayama cabinet is further increasing the feeling that the government is drifting rather than being driven. It should not be permitted to further prolong the political vacuum. The newly reshuffled Murayama cabinet should do everything in its power to grapple with pressing issues, including the compilation and enactment of the second supplementary budget that includes, among other things, a package of pump-priming measures and a package of measures to reconstruct areas hit by the great Hanshin earthquake.

The newly reshuffled Murayama cabinet needs to seek a "sweeping endorsement by the people" by dissolving the

House of Representatives and holding a general election to form a new government.

Government Urged To Hold General Election Soon

OW0908122795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Aug 95 Morning Edition p2

[Editorial: "The Job of the Reshuffled Cabinet Is to Stimulate the Economy and Hold a General Election"]

[FBIS Translated Text] It is hard to expect a lot from the revamped Murayama cabinet. Most probably, such is the feeling of many of those who were witness to the drama of the reshuffle, which was barely able to contain the collapse of unity in the administration by reappointing the key cabinet members — Yohei Kono, deputy prime minister and foreign minister; Masayoshi Takemura, finance minister; and Ryutaro Hashimoto, minister of international trade and industry. However, they expect that, at least, the cabinet will compile a supplementary budget to stimulate the economy, and then go on to dissolve the Diet to make way for a general election.

This cabinet reshuffle was supposed to be the first full-fledged cabinet reshuffle under a coalition government, which came about after the collapse of the 1955 political system. Yet, what was the reshuffle really for? The truth is: It was nothing more than a routine personnel recirculation to appease those who have ambitions to become ministers. The government's explanation that it was meant to deal with policy issues with a new team of ministers sounded flimsy.

From our experience during the era of Liberal Democratic Party [LDP] administrations, an administration usually boosted its popularity temporarily by effecting an image change through a reshuffle. Yet normally, that also came with an upheaval in the ruling party, and in the long run, unity was undermined.

Therefore, the prime minister's desire to retain the key ministers in the present reshuffle is understandable. Compared to a one-party government, a coalition administration inevitably has to be more careful about disturbing the status quo in order to maintain unity.

One may recall that in February 1994, the Hosokawa coalition government had to give up its plan to reshuffle the cabinet due to unsuccessful coordination within the administration. Prime Minister Hosokawa resigned shortly after that, albeit for a different reason. Conflict of interests within the administration concerning the cabinet reshuffle resulted in a weakened power base for the administration.

What is happening inside the Murayama administration has already reached a level comparable to the Hosokawa

administration in February of last year. The cabinet reshuffle served only to illustrate the lack of unity inside the government.

First, Finance Minister Takemura expressed a desire to reject the offer to reappoint him due to his party, Sakigake's poor showing in the [23 July] House of Councillors election. The prime minister, who gave top priority to sustaining the coalition, thought of giving up the reshuffle for a time. Then, Kono pushed strongly for a reshuffle in view of the large number of LDP dietmen wanting to be appointed to the cabinet. Owing to his strategic considerations in relation to the [LDP] presidential election in September, he wanted to be released from being foreign minister, but was persuaded to remain.

At present, attention in the LDP, which forms the main pillar of the Murayama administration, seems to be focused on the LDP presidential election. The election result may even lead to a change in the composition of the administration.

Based on the above, it may not be realistic to ask the new cabinet to posit policy issues and work on their implementation. After the upper house election, which resulted in losses for the ruling parties, we have asked that the Diet be dissolved and a general election be held as soon as possible. That is exactly what we want from the new cabinet.

Of course, there are numerous policy issues that we want the political authorities to deal with. For example, administrative reform, such as the half-baked reorganization of the special public corporations, and radical deregulation. However, the urgent task is economic stimulation. At least, the political authorities ought to take the responsibility of dealing with this problem.

It is said that due to the advances made by the New Frontier Party in the upper house election, a Diet dissolution and a general election have become less likely. However, more than six months have passed since a new electoral system was introduced for the House of Representatives. The desire to hold an election soon is not limited just to the prospective candidates.

Is it acceptable for the political authorities to turn their backs on such a reality? If political management is undertaken in such a way that the general election is deferred indefinitely, the administration will not be able to avoid being criticized for acting solely in the interests of the ruling parties.

Toyota's New Car Sales, Market Share Declining

*OW0508133795 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 2 Aug 95 Morning Edition p 3*

[Unattributed article: "A Surprise in the Auto Market; Toyota's Share Falls Below 40 Percent"]

[FBIS Translated Text] A dark cloud is hanging over new car sales. All the conditions to encourage demand for new cars are here: increase in demand that comes normally with the "post-five-year inspection" of cars, automakers' introduction of new models, the recent holding of the Tokyo Motor Show, and so forth; however, economic uncertainty is freezing the minds of consumers. Meanwhile, sales of imported vehicles are continuing to grow by two-digit numbers. Some people are starting to say: "We are tired of the domestic vehicles." The sales in July showed almost no rise, and top maker Toyota once again performed worse than in the same month last year. Automakers are in the second-half-year battle with factors of turbulence hanging over them.

Toyota domestic sales dropped by 4.4 percent in July, in terms of vehicle units sold over the same month last year (including those imported from plants overseas), and its market share within the country once again went below the 40-percent mark. The sales of the new model "Carola" which went on sale on 15 May — rather late to ride the recreational vehicle (RV) boom — are not growing as much as expected. Toyota wants to recover its sales by starting to sell four new models including a new model of "Crown" from late August through September, but one Toyota executive said: "For one reason or another, things are not going right in general."

Another executive complained: "We have invested money in advertisement; sales people have not been negligent; and the new models are not bad at all. Still, we are not selling them." When compared with the highest share the company held in October last year, of 48.3 percent, the performance in July this year was a drop by 9 percentage points. It can be said that Toyota is "losing its share while not being able to find problems clearly."

Carola sales symbolize the situation. Toyota applied its famous all-out cost-reduction policy on its production to the extreme, and had hoped the car would become a "detonator" to boost sales of all Toyota vehicles. An auto part manufacturer commented that Carola sales rose by 10 percent over the same month last year, and could be called "so-so" but "were not as good as expected."

Even as far as the sales of middle-class models are concerned, the sales of "Corona" and "Carina" fell by

37 percent and 24 percent in July, respectively. Some expressed concern about it, saying that with the demand for RV's rising, "there is less demand for the traditional genre of public cars in the market."

On the other hand, in the area of luxury cars, Toyota's share is being eaten away by the new "Cedric" and "Gloria" models which Nissan began to sell in June. The July sales of Toyota's Crown amounted to about 8,300 units as compared with about 9,600 units of Cedric and about 7,600 of Gloria. The sales of Cedric alone topped those of Crown.

Given such condition, Toyota's expectations on the new model of "Crown" which is due to come on sale in late August are big. The company hopes it will help the company recover its share in the luxury car market. "Crown" is one of the models which bear largest profits for Toyota. Sales of this model give a major impact on balance sheets of not only Toyota but also affiliated-auto-part manufacturers.

Because of poor domestic sales, Toyota on 31 July changed the operation of some lines in Takaoka plant (in Toyoda City) from a day-and-evening two-shift system to a day-only one shift system. The company is doing all it can to refrain from laying off its employees. However, now when the company is trying to boost its overseas production to cope with the strong yen problem, the only way left for it to increase its local production is to increase domestic sales. If the company fails to recover its share even after the fall, there will emerge the possibility that it needs to think about reducing jobs — something which Toyota has regarded previously as "sacrosanct."

North Korea

U.S. Conducts Military Exercises 7, 8 Aug

*SK1008053595 Pyongyang KCNA in English
0505 GMT 10 Aug 95*

["Unending War Exercises Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — The U.S. imperialist warmaniacs staged surprise strike and airlifting operational exercises against the North in the skies above South Korea on August 7, according to military sources.

Scores of ship-based planes of the Marine Corps of the U.S. Pacific Fleet frantically staged an air strike exercise aimed at surprising major targets in the northern half of Korea in the skies above Tokjok Islet and Sangdong of South Korea under the support of an electronic jamming plane. And more than 10 large transport planes airlifted

huge lethal means to the U.S. Air Force bases in South Korea.

On the same day, an RC-135 strategical reconnaissance plane committed an espionage act in the sky above the Military Demarcation Line.

On August 8, an early warning plane commanded fighter planes mobilised in an aerial war exercise against the North in the sky above South Korea.

Defectors Meet With Foreign Reporters

*SK0908215095 Pyongyang KCNA in English
1522 GMT 9 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 9 (KCNA) — Chong Yong-chun, who was president of the Osong Industry Co. of South Korea, and his wife met with home and foreign reporters here today.

They defected to the North of Korea some time ago.

Born in Sanjong-tong, Mokpo City, South Cholla Province, Chong Yong-chun graduated from primary and middle schools as a self-supporting student in Mokpo. He served in the puppet Army between 1966 and 1968.

After discharge from the Army, he took different jobs. He began to run the Osong Industry Co. in 1987. Some time ago, he made a foreign trip and took the opportunity to defect to the North.

Referring to the motive of his defection, Chong said he worked so hard in South Korea as to establish the Osong Industry Co., a minor enterprise, but he could not but feel disillusion about South Korean society.

"In South Korean society, people readily violate and kill each other for money, and the rulers make a fortune through irregularities and trample underfoot the popular masses," he said. "As I felt disillusion about this corrupt social system, I tried to learn about the North. In the course of this, I made up my mind to contribute to the nation and reunification under the care of the great General Kim Chong-il. He is making our motherland more prosperous, true to the behests of respected President Kim Il-song, who devoted everything to the country and the nation all his life. That is why I have come over to the North."

The couple said that in the North they were struck with deeper admiration at the great General Kim Chong-il's wise leadership and deep affection for the people.

A lot of things impressed the defectors, Chong Yong-chun said, adding that he would like to mention the general's benevolent politics, politics based on love for the people.

"I am convinced," he noted, "that mutual cooperation and devotion to others shown by the people in the North and the dynamism of their singlehearted unity are a fruition of respected General Kim Chong-il's politics of love, benevolent politics."

Kim Hui-suk gave her impressions of the North. She said all the people are enjoying happiness and helping and leading each other forward to steadfastly defend their excellent socialism, united in one mind around respected General Kim Chong-il, who has provided them with a worthwhile life.

Referring to the South Korean situation, Chong said the failure of the "Democratic Liberal Party" in the recently held "local autonomy elections" was just the defeat of the Kim Yong-sam regime.

Dwelling on the conditions of South Korean minor businesses, he said 12,000 companies have closed their business this year alone with their low-quality products sidelined by a glut of assembly-lined produced goods from foreign countries.

"Collapse accidents which have occurred in succession in South Korea are attributable to the anti-popular predatory politics, corrupt politics of the authorities which engenders further dependence on outside forces and more serious irregularities."

Chong vowed to study hard to greet August 15, the anniversary of the country's liberation, and make a great contribution to the nation and its reunification.

South's Arrest of Pak Yong-kil Denounced

At Pyongyang News Conference

*SK1008103895 Pyongyang KCNA in English
1033 GMT 10 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — A press conference was called here today in connection with the fact that the South Korean authorities are persecuting Pak Yong-kil who visited Pyongyang.

At the conference, Chang Chae-chol, chairman of the Korean Religionists' Council, disclosed the South Korean authorities' suppression.

He said:

As soon as Presbyterian Pak Yong-kil, chairperson of the 70 Million Korean People's Meeting for Embracing National Unification and co-chairperson of the Family Movement for Realizing Democracy in South Korea, who is widow of Rev. Mun Ik-hwan, crossed over Panmunjom on July 31, the South Korean authorities

walked her away, contending that her visit to Pyongyang was a violation of the "National Security Law".

They took her to Seoul and are viciously persecuting her with the alleged "investigation" after detaining her in hospital under the pretext of "confirmation of personal safety" and "medical examination".

What they intend in doing such an act is to block the attention of South Korean people from running to the North and, in particular, put the brake on the August 15 Grand National Reunification Festival by arresting and punishing her.

While calling for dialog with the North, the South Korean authorities are persecuting and punishing those who visit it. This means that they themselves deny the dialog with the North.

And they are invoking the "National Security Law", which stipulates the North as "enemy", against the visitors to the North. This evidently tells that they have no intention for dialog with the North nor will for reconciliation.

Those who antagonize the fellow countrymen and seek division will surely be punished by god.

The South Korean authorities must stop the unchanged national confrontation moves at once and immediately and unconditionally release Mrs. Pak arrested on unreasonable charges.

We will sharply watch their behavior hereafter.

Chang Chae-chol told reporters that Pak Yong-kil visited Pyongyang to pay reverence to the bier of the great leader President Kim Il-song on his first death anniversary and had the honor of being received by the great leader General Kim Chong-il.

"If the South Korean authorities leave on her body even a small scar they will have to pay dearly for it," Chang warned.

By Chondoist Group

SK1008102495 Pyongyang KCNA in English
1019 GMT 10 Aug 95

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — A spokesman for the Central Guidance Committee of the Korean Chondoist Association released a statement on August 9 denouncing the South Korean ruling quarters for their apprehension and persecution of Pak Yong-kil.

She went back to South Korea after visiting the bier of the great leader President Kim Il-song in Pyongyang and paying homage to him.

The spokesman said her current visit to Pyongyang is praiseworthy from the point of view of etiquette handed down from olden times and the earnest desire of all the fellow countrymen for national reunification and can not be the object of repression.

He further went on to say:

The Kim Yong-sam group's attempt to punish her on the strength of the fascist "National Security Law" is a mean act that can be done only by such a hooligan bereft of reason, the foe of the nation and of reunification as the traitor.

With the Kim Yong-sam group left intact the Korean people cannot expect reconciliation and unity any time, still less national reunification.

The traitor Kim Yong-sam should lend an ear to curses and condemnation from the people at home and abroad, put an immediate halt to the persecution of her and step down before it is too late.

Youth From South Arrives for Grand Festival

SK1008104195 Pyongyang KCNA in English
1035 GMT 10 Aug 95

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — Cho Yong-sam, member of the Support Association of the Family Movement for Realizing Democracy in South Korea, arrived here today to take part in the Grand National Reunification Festival on the 50th anniversary of Korea's liberation. He made his way to the North at the risk of his life.

When Yi In-mo, who is known as the incarnation of faith and will, was in South Korea, the young man sincerely helped him and other unconverted long-term prisoners. For this reason, he was once arrested and tried and served a prison term.

Members of the North side preparatory committee for the festival and Yi In-mo's family gave flowers to Cho Yong-sam and greeted him with warm compatriotic feelings.

KPA Panmunjom Spokesman Comments on Festival

SK0908123995 Pyongyang Korean Central Broadcasting Network in Korean
1200 GMT 9 Aug 95

[FBIS Translated Text] On 9 August, a spokesman of the Panmunjom mission of the Korean People's Army [KPA] issued the following statement concerning the grand national reunification festival slated to take place on the 50th anniversary of the national liberation.

This is the statement issued by the spokesman of the KPA Panmunjom mission:

On 15 August, which marks the 50th anniversary of national liberation, a historic national reunification festival will be grandly held in Panmunjom with attendance by fellow countrymen in the North, the South, and overseas.

This festival is the nation's great common meeting and serves as a significant event in promoting national reconciliation and unity and accelerating reunification in the 1990's. The eyes and ears of 70 million fellow countrymen are now focused on Panmunjom, and all the nation is truly counting on the success of the festival.

Out of compatriot affection, the KPA Panmunjom mission will warmly welcome compatriots who are expected to come to Panmunjom from the South side and the overseas side for a successful holding of the festival, and will guarantee their safety. Along with this, all conveniences will be provided for successful performance of the festival program at Panmunjom.

[Issued] 9 August 1995, Panmunjom

Focus on Festival 'Honorable Duty'

*SK1008102195 Pyongyang KCNA in English
1015 GMT 10 Aug 95*

["Hearts of Fellow Countrymen Go Out to Festival" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — The 70 million Koreans earnestly hope that the forthcoming Grand National Reunification Festival will be held as a festivity common to the nation so that a breakthrough is made for national reconciliation, unity and reunification in the 90s on the occasion of the 50th anniversary of national liberation.

NODONG SINMUN says this in a signed article today.

The successful holding of the festival will be a new chapter of reconciliation and unity and fill the whole country with the fervour for reunification. The holding of a great national conference in which representatives of political parties, groupings and people of all walks of life at home and abroad will participate and in which a way of reunification common to the nation will be confirmed, will be an occasion to encourage all the Koreans in the efforts for national reunification, a single aim, and hasten the grand reunification march with redoubled efforts, the article says, and goes on:

Like other affairs, the success of the Grand National Reunification Festival to mark the 50th anniversary of national liberation entirely depends on the efforts of its masters.

All the Koreans should bear it in mind that concentrating on the festival, putting aside differences, is their mission and honorable duty they assume before the times and history. And they should take part in the festival, keeping the common cause of the nation ahead of others. No doubt, only then is it possible to make a success of the festival.

In order to make the festival successful in conformity with the expectation of all the fellow countrymen it is essential to frustrate schemings of anti-reunification splittists, who dislike the festival and try to lay obstacles to it.

The Kim Yong-sam group said that they would not allow the grand ceremonies scheduled to be held at Panmunjom for reunification as they already stated, and even officially threatened to keep pro-reunification democratic forces of South Korea from going to the festival by force of arms.

All parties, groupings and broad segments of people in South Korea should frustrate obstructive manoeuvrings of the Kim Yong-sam group with their concerted efforts so as to open the road to the festival.

No matter what desperate efforts the splittists may make in a bid to obstruct the festival, they cannot block the grand reunification march of the fellow countrymen to the festival.

Festival Committee Receives Congratulations

*SK1008101295 Pyongyang KCNA in English
1008 GMT 10 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — The National Preparatory Committee for the Grand National Reunification Festival celebrating the 50th anniversary of the liberation of the country received congratulatory messages in connection with the festival from V. Anpilov, chairman of the Executive Committee of the "Working Russia" Movement, Vasile Budriga, chairman of the Romanian National Committee for Solidarity With the Korean People's Struggle for National Reunification, Maysouk Saysompheng, president of the Lao Committee for the Reunification of Korea, and Chairman Guillermo Perez and Secretary General Miguel Alba Bega of the Mexico-DPRK Institute of Friendship and Cultural Interchange [spelling of names as received].

The messages warmly welcomed the Grand National Reunification Festival which represents the ardent desire of the Korean people to achieve the reunification of the country and reconciliation and unity of the nation on the occasion of the 50th anniversary of the country's liberation and extended militant solidarity to this.

Kim Yong-sun Speaks at Reception for Foreign Guests

*SK1008052895 Pyongyang KCNA in English
0444 GMT 10 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — The North side preparatory committee of the grand national reunification festival marking the 50th anniversary of national liberation gave a reception on the evening of August 9 for the foreign guests of honor who came here to participate in the festival.

Kim Yong-sun, secretary of the Workers' Party of Korea Central Committee who is also chairman of the North side preparatory committee, made a speech at the reception.

He said: "The festival will be a significant one reflecting the unshakable will and aspiration of the seventy million fellow countrymen to put an end to the history of national division spanning half a century and open a new era of national reunification; it will, no doubt, become a significant festival to open up a turning phase for reunification in the '90s.

"The Korean people will continue to vigorously advance for the achievement of the cause of national reunification in firm unity with the world's progressives, under the tested leadership of the great leader General Kim Chong-il."

Francisco da Costa Gomes, former president of the Portuguese Republic who is also honorary chairman of the International Liaison Committee for Reunification and Peace in Korea, spoke on behalf of the foreign guests of honor.

He said: "Included in our paying highest tribute to President Kim Il-song is our firm will to struggle to accelerate the reunification of Korea at an early date by fulfilling his behests.

"We are firmly convinced that Korea will be reunified without fail under the guidance of his excellency respected Marshal Kim Chong-il, who is successfully carrying forward the historical cause pioneered by the president."

He stressed the need to further strengthen the international solidarity movement to get the U.S. troops withdrawn from South Korea as required by the 30th UN General Assembly session, to make the United States respect the DPRK-U.S. framework agreement which was adopted in Geneva and to establish a durable peace mechanism on the Korean peninsula.

He expressed the belief that Korea will be reunified without fail in the '90s under the wise guidance of Marshal Kim Chong-il on the three principles of national re-

unification, the proposal for confederacy and the great unity of the whole Korean nation, which were put forward by President Kim Il-song.

Article Reviews Reunification Rallies

*SK0908214395 Pyongyang KCNA in English
1502 GMT 9 Aug 95*

["Reunification Will of Koreans Displayed in 90s" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 9 (KCNA) — The Korean people will greet the 50th anniversary of the country's liberation (August 15, 1945) before long.

A grand national reunification festival will be held at Panmunjom on August 15 drawing the attention of the world to mark the 50th anniversaries of the country's liberation and national division.

The desire and will of the nation for reunification who lived separated into the North and the South by outside forces has become intense with the passage of time.

The reunification movement of the nation to put an end to the tragedy of national division has developed year by year. It is since 1990 that the pan-national rally for peace and reunification of the country has been held around August 15 every year. Now, a grand festival is scheduled to be held.

All the pan-national rallies could not be held at the scheduled venues owing to the obstructive moves of the splittists who dislike reunification. They were separately held at Panmunjom, Seoul and Tokyo.

However, programs of the pan-national rallies were performed as already agreed on by the North, the South and overseas sides and joint documents were adopted.

They included colorful political and cultural events and a grand reunification march along the course extending a total of some 8,000 kilometres.

The fellow countrymen in the North, the South and overseas who successfully sponsored the pan-national rallies in the 1990s will hold the historical grand festival and open a new phase of national reunification this year in which falls the 50th anniversary of the country's liberation.

Scholars Hold Reunification Seminar in Beijing

*SK1008101095 Pyongyang KCNA in English
1005 GMT 10 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — A seminar of Korean scholars in the North, the South and overseas on reunification was held in Beijing from July 31 to August 1.

It was the first of its kind after the nation was divided. Delegations of Korean scholars in the North, the South and overseas delivered keynote reports, which were followed by a discussion on agenda items.

The scholars from the North side in their report and speeches underlined the essence of the three principles of national reunification, the 10-Point Programme of the Great Unity of the Whole Nation and the proposal for founding the Democratic Confederal Republic of Koryo advanced by the great leader President Kim Il-song, their reasonableness and realistic significance.

Pointing out that the proposal for founding the Democratic Confederal Republic of Koryo most correctly reflects the specific realities of our country, they said:

The realities of the North and the South of Korea in which different ideas and systems exist and any side does not want to abandon its idea and system show that there is no other way but to achieve the reunification of the country through the confederacy formula based on one nation, one state, two systems and two governments.

Besides, the scholars from the North side introduced concrete steps taken by the DPRK Government to realise the three principles of national reunification at the present juncture, notably the preparations for the Grand National Reunification Festival to be held on the occasion of the 50th anniversary of the liberation of the country.

All those present at the seminar evinced their determination to intensify their joint efforts to put an end to the tragedy of national division and reunify the country within the present century.

Koreans in Eastern Russia Support Reunification

*SK0908214795 Pyongyang KCNA in English
1509 GMT 9 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 9 (KCNA) — A meeting of Koreans in the Far Eastern area of Russia was held in Sakhalin on July 29 to support national reunification on the occasion of the 50th anniversary of the liberation of their fatherland.

A report of Kwon Chon-sik, chairman of the Sakhalin Provincial Committee of the Korean Association (Unity) in Russia, was followed by speeches.

The reporter and speakers called for actively turning out in the struggle for national reunification under the leadership of the great leader General Kim Chong-il, true to the behests of the great leader President Kim Il-song for reunification.

They expressed their firm resolution to smash the moves of the South Korean authorities for division and achieve

national reunification in the 90s by successfully holding the August 15 grand national reunification festival.

A letter to Comrade Kim Chong-il was adopted at the meeting.

The participants in the meeting signed a document to support the 10-point programme of the great unity of the whole nation put forward by President Kim Il-song.

Japan's Antinuclear Stance Criticized

*SK1008062295 Pyongyang Korean Central
Broadcasting Network in Korean
1222 GMT 9 Aug 95*

[NODONG SINMUN 9 August commentary: "It Is Not Genuine Antinuclear Stance"]

[FBIS Translated Text] There are many people in the world who talk big but pursue a wicked object behind their talk. We can find people in this category even in Japan.

These days, Japan is not only kicking up a commotion on an unprecedented scale in connection with the recent resumption of nuclear tests in other countries, but is also triggering a row against nuclear weapons. With regard to the recent decision to resume nuclear test in other countries, the Japanese authorities are babbling about regret, strong countermeasures, and the like.

Some time ago, at a symposium on the Asian region, a high-ranking person of authority in Japan went so far as to say that what Japan wants most ardently is to suspend nuclear activities. The Japanese Government has decided to submit a resolution to the UN General Assembly this year calling for a ban on all nuclear tests.

At a glance, Japan appears to be a strong antinuclear state. The fact is, however, that it is not. Depicting Japan as a strong antinuclear country of peace is a trickery.

The Japanese authorities act as if Japan were an antinuclear, peace-loving state. This is aimed, first of all, at soothing the world's public opinion and suspicions with regard to Japan's nuclear arming maneuvers and at diverting elsewhere the international attention.

Japan has accelerated the process of arming itself with nuclear weapons for a long time. According to data revealed recently, Japan has studied nuclear weapons development at a physical chemistry research institute since 1941.

(Tats Saburo), who played a leading role in the institute, said that a Japanese atomic bomb development team organized with 50 people had made desperate efforts to develop atomic bombs and that, if the team had

succeeded their development, Japan would have used them.

(McMelie), an honorary professor at the University of Maryland, United States, revealed that there was an assertion that Japan had conducted an atomic bomb test on Korea's East Sea [Sea of Japan] on 12 August 1945.

Even after the defeat in the war, Japan did not renounce its wild ambition of arming itself with nuclear weapons. Today, Japan has nuclear facilities and has secured nuclear materials. It also has modern means of nuclear delivery. Thus, today Japan has prepared material and technological foundations necessary for producing and using nuclear weapons. In this connection, expressing deep concern, the world is strongly condemning Japan's nuclear arming maneuvers.

Japanese rulers are trying to soothe such protests and condemnation from the international communities on one hand and to further accelerate its nuclear arming maneuvers on the other.

The fact that Japanese authorities act as if Japan were an antinuclear state is also aimed at realizing its wild ambition to become a politically big power by scouting good graces from non-nuclear states which oppose the nuclear monopolization by nuclear powers.

Today, under the slogan of becoming a politically big country that corresponds to being an economically big country, the Japanese authorities are attempting to become a standing member state of the UN Security Council. However, Japan's attempt has failed to receive world support.

Only a handful of countries voted for Japan's standing membership to the Security Council at the UN General Assembly last year. In particular, almost no support was received from most countries in Asia and the Pacific region.

Such being the situation, Japan is attempting to win confidence from developing countries, non-nuclear states—which oppose the monopolization of nuclear weapons by nuclear powers and which seek peace and development—by acting as if it were a spokesman for these countries in a bid to create a favorable environment for occupying the post of a standing member state at the UN Security Council.

Japan is the only atomic bomb victim in the world. In this connection, antinuclear sentiment is very high among the people in this country. The Japanese authorities are attempting to create the impression that they are making efforts against nuclear weapons and for peace by ingeniously taking advantage of such sentiment among

the Japanese people and, thus, to win sympathy and popularity among them.

The fact that they are laying the blame on our nuclear problem, as well, is aimed at diverting the world's public opinion and their domestic attention to us and at realizing their dark intention.

Japan's cunning intention of posing as if it were an anti-nuke state up front while further strengthening its nuclear arming maneuvers behind the scenes cannot be covered up.

Japan is attempting to realize its wicked intention by laying the blame on others and using this as a shield. Thus, it is revealing once again to the world its inherent craftiness and shamelessness.

No one will be deceived by Japan's cunning trick. The voices condemning Japan's attempt to become a superpower are increasing with each passing day. The Japanese authorities should not employ a foolish trick, but should advance along the antinuclear, peace road. This is precisely the only way for Japan to win trust and survive.

Foreigners Support Korean People's Cause

*SK0908214995 Pyongyang KCNA in English
1513 GMT 9 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 9 (KCNA) — Sitaram Yechury, member of the Political Bureau of the Central Committee of the Communist Party of India (Marxism), in a travelogue on Korea contributed to the newspaper PEOPLE'S DEMOCRACY said that the Democratic People's Republic of Korea is advancing with redoubled vigour under the uplifted banner of socialism even after the great leader President Kim Il-song passed away, thus giving a clear answer to conjectures of the West.

In Korea, the motive force of the revolution has been prepared and socialism consolidated still further, he added.

B. Karat, member of the Central Committee of the Communist Party of India (Marxism) and general secretary of the all India Democratic Women's Association, in a press statement on July 25 said:

The United States should pursue its Korea policy in keeping with the trend of the times and immediately take a step to establish a new peace mechanism as proposed by Pyongyang.

A statement adopted at a meeting of solidarity with the Korean people held in Ghana on July 25 expressed full support and solidarity for the Korean people in their

struggle to successfully accomplish the revolutionary cause of *chuche* and achieve the reunification of their country.

It urged the United States to implement to the letter the resolution of the 30th United Nations General Assembly session calling for the replacement of the Korean Armistice Agreement with a peace one and take a practical measure to establish a new peace mechanism on the Korean peninsula.

50th Anniversary of Liberation Marked

SK1008152295 Pyongyang KCNA in English
1519 GMT 10 Aug 95

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — A national seminar marking the 50th anniversary of the country's liberation was held at the People's Palace of Culture today.

It was attended by Secretary of the Workers' Party of Korea [WPK] Central Committee [C.C.] Choe Tae-pok and Chairman of the Supreme People's Assembly Yang Hyong-sop who are alternate members of the Political Bureau of the C.C., WPK, and Secretary of the C.C., WPK Kim Ki-nam.

The speakers said the respected leader Comrade Kim Il-song was the great lodestar who accomplished the historical cause of national liberation by bringing the glorious anti-Japanese revolutionary struggle of the Korean people to victory under the banner of the *chuche* idea.

They said his greatness was manifested in that he, penetrating deep into the requirements of the time with distinguished ideological and theoretical intelligence, created the immortal *chuche* idea to usher in a new era, the era of *chuche* when the masses of the people have become the makers of history, and clearly indicate the path of the Korean revolution.

They noted the greatness of his leadership was also shown in that he encouraged broad segments of the anti-Japanese patriotic forces to the struggle for the country's liberation by achieving great national unity in line with the lofty idea of patriotism.

The speakers pointed out that the greatness of his leadership was also manifested in that he inflicted a serious political and military defeat on the Japanese imperialist aggression forces on the basis of superb commanding art and *chuche*-oriented strategies and tactics and won a historical victory in the anti-Japanese war.

They said Comrade Kim Il-song was the savior of the nation who built the genuine country of the Korean people on this land.

They stressed that it is one of his feats that he developed Korea, backward for centuries, to be a powerful socialist country and built Korean-style socialism centred on the popular masses, socialism based on the *chuche* idea.

They said it is also his feat that he had the principles of independence, self-sustenance and self-reliance in national defence consistently maintained in the state affairs and provided a great heyday of socialism in the country with outstanding and experienced leadership and unremitting efforts.

They explained that he established the revolutionary traditions of *chuche* in the period of the anti-Japanese revolutionary struggle and steadfastly defended and further developed and enriched them.

Noting that the party and people of Korea remain faithful to the idea and guidance of the great leader Comrade Kim Chong-il, the speakers said it is a definite guarantee for making the country and the nation prosperous as Kim Il-song Korea and Kim Il-song nation.

Remembered Overseas

SK0408150795 Pyongyang KCNA in English
1502 GMT 4 Aug 95

[FBIS Transcribed Text] Pyongyang, August 4 (KCNA) — Bulletins were published in Mali and Russia on the 42nd anniversary of the victory in the great fatherland liberation war.

A bulletin published by the Mali-Korea Friendship Association said that though a resolution whose main content is to dissolve the "U.N. forces command", make all foreign troops withdrawn from South Korea and replace the Korean Armistice Agreement with a peace agreement was adopted at the 30th session of the U.N. general assembly, it has not been realized at all due to the obstruction of the United States and the South Korean authorities.

It went on:

The United States and the South Korean authorities must discard the intention to put military pressure against the Democratic People's Republic of Korea and stop reinforcement of Armed Forces and new war provocation moves in South Korea.

The United States must sincerely accept the proposal of the DPRK on replacement of the Korean Armistice Agreement with a peace agreement.

A bulletin titled "Moves Aggravating Situation on the Korean Peninsula" was issued by the Vladivostok, Russia, Taekwon-do Association.

Symposium on Abolishing Nuclear Weapons Held
SK0908154195 Pyongyang KCNA in English
1532 GMT 9 Aug 95

["Events To Mark 50 Years of A-Bomb Blast" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 9 (KCNA) — A symposium on "For Total Abolition of Nuclear Weapons" was held here today to mark the 50th anniversary of the drop of a-bombs on Hiroshima and Nagasaki, Japan.

It was co-sponsored by the Korean National Peace Committee, the Korean Anti-Nuke Peace Committee, the Korean Anti-Nuke Peace Doctors' Association and the Korean A-Bomb Victims Association for Anti-Nuke and Peace.

Present at the symposium were officials concerned, representatives of different social strata and a-bomb victims in Pyongyang and from local areas.

Chu Song-un, chairman of the Korean A-Bomb Victims Association for Anti-Nuke and Peace, made a report at the symposium, followed by speeches.

The reporter and speakers said the atomic bombs dropped on Hiroshima and Nagasaki 50 years ago inflicted serious nuclear disasters on hundreds of thousands of people. Such tragedy must never be repeated, they added.

For total nuclear disarmament, the nuclear powers must define a timetable of nuclear disarmament and observe it without fail, they noted, strongly urging the nuclear powers to take substantial measures to this end.

Establishment of nuclear-free peace zones in different parts of the world is an important way of dismantling nuclear weapons and building a nuclear-free world, they said, adding that it is important to turn the Korean peninsula, the most vulnerable area exposed to the danger of nuclear war, into a nuclear-free, peace zone.

The United States has deployed more than 1,000 nuclear weapons in South Korea and incessantly held nuclear war exercises against the DPRK, they said.

When the United States discards the hostile policy toward the DPRK and faithfully implements the framework agreement with the DPRK, the hostile relations between the two countries will be removed, confidence be built, the nuclear issue on the Korean peninsula be

fundamentally settled and this part of the world be denuclearized, they stressed.

Recalling that Japan and South Korea have accelerated nuclear development in secrecy, they said it is important to invigorate a worldwide campaign to check their nuclear development for the denuclearization of the Korean peninsula and the rest of Northeast Asia.

Discussed at the symposium were immediate working plans and far-reaching schedules of activities for the complete elimination of nuclear weapons.

An appeal to anti-war, anti-nuke peace organizations and peoples across the world was adopted at the symposium.

It says the world's peaceloving peoples should lay bare the reactionary sophism of those trying to justifying the existence of nuclear weapons and their use, put massive pressure on them to eliminate the existing nuclear weapons and discontinue the development of new ones and make every possible effort to have an international convention on the complete elimination of nuclear weapons concluded as soon as possible.

It notes that the nuclear powers must give non-nuclear nations a legal guarantee for nonuse of nuclear weapons, the production of weapon-grade fissionable materials must be banned worldwide and such materials including plutonium be put under international control.

It calls on the anti-war, anti-nuke peace organizations and peoples of the world to rise up in the struggle for making the world free and peaceful, without a nuclear war and nuclear weapons.

Prior to the symposium, the participants saw pictures showing damages by atomic bombs dropped on Hiroshima and Nagasaki and the people's struggle for the elimination of nuclear weapons.

Meanwhile, a meeting with a-bomb victims took place today.

Kim Chong-il Works Carried in Foreign Press
SK1008053395 Pyongyang KCNA in English
0503 GMT 10 Aug 95

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism", a famous work of the great leader Comrade Kim Chong-il, was carried by the Pakistani paper NAWA-E-WAQT, the Senegalese paper LE TEMOIN, and DIPLOMATISCHER PRESSIDIENST, a magazine published in Vienna, Austria.

The Bulgarian paper TRIBUNA and the Egyptian paper AL SHABABUL ARABI carried "On Developing the Movement of Koreans in Japan Onto a New Higher Stage", a letter sent by Comrade Kim Chong-il to the General Association of Korean Residents in Japan (Chongnyon) and Korean residents in Japan on the occasion of the 40th anniversary of its formation.

Kim Chong-il Lauded as 'Greatest Man'

SK1008051195 *Pyongyang KCNA in English*
0450 GMT 10 Aug 95

["Comrade Kim Chong-il, Korean People in Perfect Harmony" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — Our country is a society where the great Comrade Kim Chong-il's revolutionary philosophy of singlehearted unity has been fully embodied, a great revolutionary family where the leader and the people are in perfect harmony, says NODONG SINMUN in an article today.

With the most revolutionary idea of unity being applied under the leadership of Comrade Kim Chong-il, ours have become a party and a country based on singlehearted unity and ours have become a people capable of overcoming any difficulties, the author of the article says, and goes on:

The leader and the people are in the relationship between the father and children in our country.

There is not a slightest difference between them, our people's loyalty and filial duty to the leader ever growing.

Such a close relationship between them is based on Comrade Kim Chong-il's infinite love of the people. Our people's singlehearted loyalty and filial duty to him are absolute things because their feelings come out from their strong sense of moral obligation.

The relationship between the leader and the people in our country is also the relationship between the teacher and disciples.

Human history has known many great men respected as teachers. But there has been no such a great man as Comrade Kim Chong-il, who teaches the revolutionaries what they have to know and what they have to do and guides all the people along the correct road of justice with extraordinary qualification and traits. It is the great happiness of our people that they have the greatest man with rare intelligence and talents as the supreme leader of the party and the revolution and as their teacher. That is also the secret to the fact that the leader and the people are in the relationship between the teacher and

disciples, the like of which can never be found in any other countries.

In our country the relationship between the leader and the people is a noble comradely relationship which can be seen only between the great leader and his true revolutionary soldiers.

Our singlehearted unity having the leader and the people integrated as an organism is a symbol of the indestructibility of our country and revolution, our party and people and the banner of invincibility.

Russian Reports on Kim Il-song, Kim Chong-il

SK0908121095 *Pyongyang Korean Central*
Broadcasting Network in Korean
0500 GMT 9 Aug 95

[Article by Vladimir Tolstikov, former PRAVDA correspondent in Pyongyang and chairman of the Central Council of the Russian Association for Friendship and Cultural Cooperation with the DPRK: "History of Victory Will Be Everlasting"]

[FBIS Translated Excerpt] I think that among memories a memory regarding a great man is the most beautiful. Even though the great man whom we had for the first time in history passed away, people do not forget even a brief moment with him, and they are eager to go near him even in recollections. I, too, was with him for a time. What did I truly see during the period, a mere moment of history and a happy period? I have worked as a soldier, a reporter, and as a party official. Even though moments of my life remain in my memory, the most unforgettable time of my life was when I was a PRAVDA correspondent in Pyongyang in my 30's and I realized the valuable truth which I could not realize in other chapters of my life. Every time I miss that time, I take out a photograph and look at it. Though discolored, the photograph has the likeness of the great man I respect most. I was a PRAVDA correspondent. I was the only foreign correspondent and luckily took a photograph of Comrade Kim Il-song, a victor and a rare young general who was approving the Armistice Agreement, which was tantamount to a letter of surrender of the UN Forces. [passage omitted]

Whenever I close my eyes, his benevolent young image comes to my mind. Whenever I strain my ears, I hear his kind voice calling me PRAVDA reporter. How good it would be if I went back to those days! How good it would be if I could live beside him eternally as I did when I was a PRAVDA reporter! I thought so even in my dreams.

However, that was not a dream. When I visited the DPRK, I found a person who would return me to the

days when I was a PRAVDA reporter. He was great Comrade Kim Chong-il, who stood up from the sadness for the first time and resolutely woke the grief-stricken people and who is identical to Comrade Kim Il-song in appearance and voice.

When numerous people were in disarray because of the collapse of countries and of socialism, he opened the eyes of truth. His ideological and theoretical activities—he, who has proven that socialism is scientific and true—have been crushing the enemy's antisocialist offensives to remove the socialist ideals from the hearts of hundreds of billions of people.

A European reporter has recently written that all of the DPRK's political, military, and diplomatic victories, won by the supreme leader [choego yongdoja] Kim Chong-il, are a victory in the second round following the one in the 1960's.

However, I think that the current victory is a victory in the third round and that the first round with the United States was already fought in the 1950's, not in the 1960's. The DPRK won the first and second rounds and is today winning the third round.

The DPRK's victory is immediately the victory of the cause of justice in the world. Does the world know how desperately the United States and its allies are trying to crush the DPRK with armed force? However, after defeating offensives by all forces, Comrade Kim Chong-il, the iron-willed general and the iron-willed leader [yongdoja], is winning only victory.

Just like great Comrade Kim Il-song defended the DPRK's independence, its socialist cause, and the justice and truths of mankind in the past, great Comrade Kim Chong-il today contains the imperialists' tyranny, discriminates justice from injustice, and illuminates the road of truth.

Truly, just like great Comrade Kim Il-song won in all confrontations in the 20th century, the great leader [yongdoja] Comrade Kim Chong-il is and will always be victorious in the 21st century and the following century. The history of victory will be everlasting.

World Trade Union Official Praises Kim Il-song

SK0908214595 Pyongyang KCNA in English
1505 GMT 9 Aug 95

[FBIS Transcribed Text] Pyongyang, August 9 (KCNA) — President of the World Federation of Trade Unions Antonio Neto said that the great exploits of the great leader Comrade Kim Il-song would be immortal.

Giving his impressions of Korea, he said:

The great leader Comrade Kim Il-song gave a most perfect exposition of all the theoretical and practical matters arising in the whole course of building a new society and creditably applied it in practice.

History does not know such a great man as the respected president who clearly disposed of his lifetime work.

Comrade Kim Il-song passed away after doing everything he could for the eternal prosperity of the country and the future of the nation.

The successful solution to the inheritance of leadership holds a special place in his exploits.

Standing in the van of the Korean people is Comrade Kim Chong-il who is faithfully upholding the cause of the leader.

He is skillfully guiding affairs of the party, the state and the Army as a whole.

The Korean people under his leadership are optimistic of future.

Indian Delegation Visits Kim Il-song Statue

SK1008054595 Pyongyang KCNA in English
0512 GMT 10 Aug 95

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — P. Shiv Shankar, governor of Sikkim State of India and former foreign minister who is chairman of the All-India Indo-Korean Friendship Association, and his companion, who have come to attend the grand national reunification festival celebrating the 50th anniversary of the liberation of the country as guests of honor laid a floral basket and made a bow before the statue of the great leader President Kim Il-song on Mansu Hill on August 9.

The chairman said that the respected leader Comrade Kim Il-song was a great man who had converted Korea, once a backward country, into a progressive and good country and he is an eternal symbol of the struggle of the people.

Comrade Kim Il-song is the greatest of great men, the chairman added.

Editorial Praises Kim Il-song's Leadership

SK0908043395 Pyongyang KCNA in English
0409 GMT 9 Aug 95

["NODONG SINMUN Calls for Adding Lustre to Comrade Kim Il-song's Feats in Party Building" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 9 (KCNA) — It is the firm will of our party and people to hold the

fatherly leader Comrade Kim Il-song in high esteem for all ages, steadfastly defend the imperishable feats he performed in party building and add lustre to them through the generations, says NODONG SINMUN in an editorial today.

It is thanks to the tested leadership and tireless efforts of the great leader Comrade Kim Il-song that our people are carrying on the revolution, guided by such an invincible party as ours solid in its organizational and ideological foundation and great in its might and leadership, the editorial says, and continues:

The history of the revolutionary struggle waged by Comrade Kim Il-song, who devoted his all to the country and the people and to the victory of the socialist cause, is a history in which he founded a party and constantly increased its efficiency to dynamically accelerate the revolution and construction.

History has known many great men who founded and guided parties. But it has never known such a leader as Comrade Kim Il-song, who built an invincible party perfect in the guiding idea, leadership system, unity, blood ties with the masses and all other respects. He pioneered the way of building a *chuche*-type revolutionary party and founded an impregnable party without an equal in the world. This is illustrative of his extraordinary greatness and undying feats.

It is the unswerving faith and will of our people to hold him in great esteem as the eternal leader of the Workers' Party of Korea and always keep it being his party.

If his feats in party building are to be kept shining in all ages, the whole party and all the people must remain faithful to the ideology and leadership of the great leader Comrade Kim Chong-il, arm themselves firmly with his unique ideas and theories on party building, take them as their unshakable faith and vigorously push ahead with socialist construction, thus making their country, their homeland more prosperous and accomplishing the socialist cause.

Only when they take the ideas and theories of Comrade Kim Il-song as the immortal guiding ideas and theories of the party and steadfastly defend his feats and experience in party building and his revolutionary method and popular style of work, our party will always remain shining with his august name and the revolutionary cause of *chuche* will be completed successfully.

National Unity Based on Patriotism, Independence

SK1008103295 Pyongyang KCNA in English
1026 GMT 10 Aug 95

["Patriotism and Spirit of National Independence, Ideological Basis for Great Unity" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — If the country is to be reunified at an early date in conformity with the expectation and desire of the nation, it is essential for the entire fellow countrymen at home and abroad to closely unite as one on the basis of patriotism and the spirit of national independence as clarified by the great leader President Kim Il-song in "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country".

NODONG SINMUN stresses this in a by-lined article today.

The idea on the unity based on patriotism and the spirit of national independence wins the sympathy of all the Koreans who want the country to be reunified, and it is the same feeling of every member of the nation, the paper says, and goes on:

Patriotism and the spirit of national independence is a spiritual emotion and a national ideal common to the members of the nation, irrespective of class, strata, residential area, wealth and religious belief. Thus this is the ideological basis for the great unity of the whole nation.

If the entire fellow countrymen are to unite with one idea to warmly love the nation and regard independence as their life, connecting their fates with the destiny of the nation, they should reject flunkeyism and national nihilism that paralyze the nation's consciousness of independence.

There is no ground for the members of the nation to fail to unite because of difference in ideology, system, political view and ism when they proceed from the strict spirit of national independence to shape the destiny of the nation by the efforts of the nation itself with patriotism.

President Kim Il-song's idea that great national unity should be based on patriotism and the spirit of national independence is the idea common to the nation that makes it possible to firmly unite our fellow countrymen in the north, South and overseas as one. This idea of loving the country and the nation makes it possible to achieve the historical cause of reunification, the cherished desire of the nation, and make the Korean nation a dignified and proud nation.

All those who are concerned about the destiny of the nation, whether they be in the North, or in the South, or overseas, must pave the way for national reunification in concerted efforts on the basis of patriotism and the spirit of national independence.

For the present, the entire fellow countrymen at home and abroad must turn out in the patriotic struggle for reunification to jointly and splendidly hold the August 15 Grand National Reunification Festival so as to open a turning phase for reunification in the 90s.

Crop Conditions on Yonbaek Plain Good

SK1008150995 *Pyongyang KCNA in English*
1507 GMT 10 Aug 95

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — Good crop returns have come to Yonbaek Plain in South Hwanghae Province, a granary on the west coast of Korea.

In the plain the number of rice stalks per pyong is 1,700 and that of maize ears per pyong is 1.3 times that of last year.

The plain was visited on several occasions by the great leader President Kim Il-song.

In August, 1993, the president gave on-site guidance to Suwon, Paechon County, Oyon, Yonan County, Chongjong, Chongdan County, and other cooperative farms in the plain and indicated how to raise the yield of grain.

True to his behests, agricultural workers there have well done all the farm work as demanded by the chuche-based farming method.

With the attitude of masters they covered each field with lots of good manure, distributed the varieties of crops on the principles of the right crop on the right soil and in the right time, carried out rice-transplantation in time and thoroughly did weeding in the fields.

Efforts To Increase Power Production Viewed

Changjagang Power Plant

SK0408131895 *Pyongyang Korean Central*
Broadcasting Network in Korean
2100 GMT 2 Aug 95

[FBIS Translated Text] Electricity producers of the Changjagang Power Station are vigorously carrying out the struggle to increase electricity production.

Electricity producers here who are upholding in their hearts the party Central Committee's slogans and who are overfulfilling daily targets, are continuing to achieve

innovative results in August as well with the spirit of having overfulfilled the July target.

In particular, generator operators are meticulously examining facilities and are operating generators at high water level and with high efficiency, producing a considerable amount of electricity, which is more than the daily targets.

17 Mar Hydroelectric Plant

SK0408131995 *Pyongyang Korean Central*
Broadcasting Network in Korean
2100 GMT 3 Aug 95

[FBIS Translated Text] Electricity producers of the 17 March Hydroelectric Power Enterprise, who are vigorously carrying out the struggle to increase electricity production by waving the red flag of the revolution, are bringing about increases in production.

Electricity producers here, who are overflowing with the determination to produce more electricity for the prosperity and development of the country and fatherland led by the great leader [yongdoja] Comrade Kim Chong-il, are operating facilities at full capacity. Thus, they are overfulfilling daily targets that have been highly set.

In particular, electricity producers at the no. 1 power generation work site are concentrating strength in facility management and have adopted advanced operation methods. Thus, these days, they are overfulfilling daily targets by over 110 percent.

Electricity producers at the no. 2 power generation work site and the Puryong Power Plant are also accelerating electricity production with the fighting spirit of having held the 70-day battle. Thus, they are continuing to maintain a high, steady rate of production.

Changjigang Power Plant

SK0408132195 *Pyongyang Korean Central*
Broadcasting Network in Korean
2200 GMT 1 Aug 95

[FBIS Translated Text] Electricity producers at the Three Revolutions Red Flag Changjigang Power Station who have embraced the party Central Committee slogans on the occasion of the 50th anniversary of the founding of the Workers Party of Korea, with pounding heart, are achieving results by struggling to increase electricity production.

The working class at the Double Three Revolutions Red Flag No. 1 Power Generation Work Site are conducting facility management work in accordance with the technical regulations, embraced with the spirit and vigor of the Chollima great upsurge period. The

facilities are in full operation and, thus, are producing more electricity everyday than planned.

Fighters at the Double Three Revolutions Red Flag No. 2 Power Generation Work Site are also carrying out the vigorous labor struggle to increase electricity production by concentrating each others' strength and wisdom, thus, increasing results every day.

Taechon Hydroelectric Plant

*SK0708032395 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 4 Aug 95*

[FBIS Translated Text] Electricity producers at the Taechon Hydroelectric Power Complex, who are overflowing with high determination to brilliantly decorate the 50th anniversary of the party's founding as a great festival of the victors, are vigorously struggling to increase production.

Electricity producers here, who are accelerating production by highly upholding the red flag of the revolution with the same spirit and vigor as manifested during the great Chollima upsurge period, are currently maintaining a high, steady rate of production.

In particular, electricity producers at the no. 1 power plant have fully prepared so that production can be maintained at a high, steady rate even during the rainy season, and are pushing ahead with production. These days, they are overfulfilling daily targets by over 120 percent.

Electricity producers at the no. 2 generation work site are also fulfilling without fail the highly-set daily target with the single desire to produce and supply more electricity to the various sectors of the people's economy.

Taedonggang Power Plant

*SK0808010795 Pyongyang Korean Central Broadcasting Network in Korean
2200 GMT 5 Aug 95*

[FBIS Translated Text] Functionaries and workers at Taedonggang Hydroelectric Power Generation Complex, who are waging a vigorous struggle to mark the 50th anniversary of the party founding as the grand festival of winners, are vigorously struggling to increase power generation. Functionaries, workers, and technicians of the complex recently introduced a computerized load distributor to maximize power generation according to the ever-changing designated load. They invented and introduced with their own resources five automation elements, including an ultra-mini relay that can generate 20 million kilowatt-hours more electricity annually.

They also introduced a frequency band transformer to provide a solid basis for further power generation.

Hochonggang Power Plant

*SK0908075195 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 8 Aug 95*

[FBIS Translated Text] Workers at the Hochonggang Power Plant are normalizing daily production this month at 110 percent in the spirit with which they exceeded the July target. Workers at the nos. 2 and 4 power workshops who are vigorously struggling to increase power production for the prosperity and development of my country, my fatherland under the leadership of the great leader [yongdoja] Comrade Kim Chong-il, have thoroughly prepared for the rainy season. They have operated all facilities at full capacity. Workers at the no. 3 power workshop have increased production to exceed the daily target and sent them to various sectors of the national economy. Also, workers at the electric workshop are actively contributing to increasing power production by highly displaying the revolutionary spirit of self-reliance and fortitude.

Supung Power Station

SK1008115295 Pyongyang Korean Central Television Network in Korean 1100 GMT 9 Aug 95

[FBIS Translated Text] Electric power producers at the Supung Power Station, which is filled with the immortal guidance achievements of the fatherly leader and the great leader [yongdoja] Comrade Kim Chong-il, are effecting an upsurge in eclectic power production with enhanced revolutionary spirit to glorify the 50th anniversary of the founding of the party as a grand festival of victors.

[Begin recording of unidentified official] The great leader [suryongnim] and the respected general visited our Supung Power Station many times. Thus, this place is filled with great honor.

The great leader [suryongnim] visited our power station on 10 October 1946 for the first time on the occasion of the first anniversary of the founding of our party. Since then, he has visited 13 other times.

The respected general visited our station as many as 16 times. He said the Supung Power Station was a lifeline and treasure of our country, and that this precious property of the people should be managed and operated well. He resolved all problems, large and small, that occurred at the Supung Power Station, and extended all sorts of love and benevolent care.

We produced 5.7 percent more electric power in July than planned. With this spirit, we are also vigorously carrying out the struggle in August.

Comrades Kang Tae-won, the responsible electricity distribution officer in the central power distribution office; Chong Yong-mun, the duty officer; and Kim Ha-chol, the duty technician; as well as operational observation and recording personnel, are satisfactorily managing and operating power generation facilities in compliance with the demand of standard operational method and technical regulations.

Comrades Min Hong-chan, An Myong-sop, Han Yong-mi, and Kim Yong-nan, generator operators, are properly managing facilities and technology in accordance with the demand of the standard operational method and technical regulations by cherishing the pride and honor in working the no. 5 generator and the (?heroic) nos. 1 and 2 generators, which are filled with immortal historic relics.

We firmly resolved that by ensuring full operation and full capacity of each generator in the future, we will uphold our party and further consolidate our nation, our fatherland, with increased electric power production. [end recording of unidentified official]

Kanggye Power Station Conserves Power

SK0708065095 Pyongyang Korean Central Television Network in Korean 1100 GMT 4 Aug 95

[FBIS Translated Text] Much electricity was saved at the Kanggye Power Transmission and Distribution Station by highly upholding the great leader [yongdoja] Comrade Kim Chong-il's teaching on vigorously struggling to save electricity, thus sending them to various sectors of the people's economy that are vigorously attempting to fulfill the great leader's lifetime teaching.

During the first half of this year, 6,424,000 kilowatts of electricity were saved at this power transmission and distribution station. In stopping leakages of electricity during transmission by enhancing the responsibility and role of the line layers, electricity reserves totalling 3,589,000 kilowatts were found.

In particular, workers at the Kanggye and September Power Distribution Stations are effectively and tenaciously carrying out facility and technical management work, thus greatly reducing electricity leakage.

Currently, functionaries and workers at the power distribution station are deeply aware of their duty to smoothly supply electricity to the people's economy, which is increasing all the more; they are seeking ways to save electricity and are further working to wholly find reserves for economization.

Nampo Shipyard Builds Fishing Boat

SK0508070195 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 1 Aug 95

[FBIS Translated Text] The Nampo Shipbuilding Yard Complex has built a modern 3,750-tonne class fishing boat. A complete set of modern processing facilities have been provided in this fishing boat which is currently in the process of a test cruise.

This modern 3,750-tonne class fishing boat was built with the undivided strength and wisdom of party members and working class here by highly upholding the fatherly leader's [suryong] lifetime teaching on building many large boats. It is a proud labor gift presented on the 50th anniversary of our party's founding.

Songjin Steel Plant Increases Production

SK0808123595 Pyongyang Korean Central Television Network in Korean 1100 GMT 31 Jul 95

[FBIS Translated Text] The working classes in various regions, which are vigorously launching the party's revolutionary economic strategy to welcome the 50th anniversary of the founding of the Workers Party of Korea with high political enthusiasm and brilliant labor results, are bringing about high upsurges in production.

The working class of the Songjin Steel Plant, which is vigorously implementing the party's revolutionary economic strategy by highly upholding the great leader [yongdoja] Comrade Kim Chong-il's wise leadership, brilliantly overfulfilled its July steel production target by highly manifesting the revolutionary spirit of self-reliance and fortitude.

Functionaries went into the producer masses and once again explained that even one reserve for increasing production lies in carrying out facility and technology management well, and worked so that they could participate in this work as if they were the masters.

Producers of the pellet work site sufficiently provided tool reserves and carried out prevention and repair work of facilities at the appropriate time, thus, guaranteeing they would operate at full capacity.

In particular, members of the fire grate blast work team realized three cases of technology innovations, including the [word indistinct] equipment, increasing the actual demand by producing 10 percent more pellets than before.

Innovations also occurred at the revolving furnace no. 2 work site. Workers at the no. 1 revolving furnace accepted the advanced work method, and normalized the entrusted production plan at the 110 percent level

daily. Thus, they actively contributed to carrying out the enterprises' monthly production target.

Plants Collect Scrap Metal for Chollima Complex

SK0708135395 Pyongyang Korean Central Television Network in Korean 1100 GMT 1 Aug 95

[FBIS Translated Text] Organizations and plants in Pyongyang collected a considerable amount of scrap metal to send to the Chollima Steel Complex by upholding the great leader [yongdoja] Comrade Kim Chong-il's remarks to develop the metal industry.

[Begin unidentified speaker recording] Today, approximately 150 vehicles from districts, counties, and people's neighborhood units delivered a great amount of scrap metal from plants and enterprises in Pyongyang to the Chollima Steel Complex, the original place of Chollima, under the guidance of the city party's committee, upholding the fatherly leader's behest to vigorously develop the metal industry and the great leader Comrade Kim Chong-il's remarks to vigorously support the iron and steel front. Today, Mangyongdae, Sosong, Chung, and Taesong districts and the Mansudae Art Studio have succeeded in their work to transport scrap metal. We resolve that in the future, too, we will actively contribute to implementing the party's revolutionary economic strategy by saving a great amount of resources, including scrap metal. [end recording]

South Korea

U.S. Trade Pressure Expected To Target Seoul

SK1008012195 Seoul THE KOREA HERALD in English 10 Aug 95 p 8

[FBIS Transcribed Text] South Korea is expected to become a major target of U.S. trade pressure this year as most of the complaints raised by American industries have focused on the trading practices of the Seoul government, which they argued are unfair.

U.S. producers submitted written papers on unfair trading practices in foreign countries to the U.S. Trade Representative (USTR) in four cases as of Aug. 4, the deadline designated by the USTR to collect opinions from American business circles before it selects foreign countries subject to priority first country practices (PFCP) under "Super Section" 301.

Three cases were aimed at the wider opening of Korea's car, orange and almond markets and the remaining case cited unfair trading practices prevailing in New Zealand, officials at the Ministry of Trade, Industry and Energy (MOTIE) said yesterday.

After the deadline, the USTR received additional written statements from U.S. enterprises concerning unfair

trading practices in two cases, which aimed at the easy access of American companies to the Indian and Chinese markets, respectively.

As South Korea topped the list of complaints raised by U.S. industries, the trade pressure from the United States on the Seoul government is likely to be tougher than ever before this year, they said.

In the documents submitted to the USTR, U.S. producers demanded that the USTR designate South Korea this year as the PFCP under Super Section 301, citing import barriers erected by the Seoul government in the car, orange and almond markets.

The America Automobile Manufacturers' Association (AAMA) requested that the USTR put stern pressure on South Korea to further lower tariff rates and special excise taxes levied on imported passenger cars.

Meanwhile, an association of "Sunkist" orange producers in the United States requested that the USTR strongly call on the Seoul government to rectify its present import quota system, under which only Korean businessmen can get import licenses.

U.S. producers of almond also complained to the USTR, saying that the Seoul government imposes high tariff rates on imported almonds.

To stem the expected harsh trade pressure from the United States in advance, the MOTIE is now moving to adjust some of the import procedures in consultation with relevant ministries, including the Ministry of Finance and Economy and the Ministry of Construction and Transportation, they said.

North Reportedly Accepts KEDO Team Visit

SK1008053095 Seoul YONHAP in English 0519 GMT 10 Aug 95

[FBIS Transcribed Text] Washington, Aug. 9 (YONHAP) [dateline as received] — North Korea has reportedly informed the Korean Peninsula Energy Development Organization (KEDO) of its decision to accept its team to conduct a site survey for the construction of light-water nuclear reactors despite the new development of situations involving its detention of a South Korean rice-carrying vessel.

Sources in New York and Washington said Wednesday that North Korea is showing a great interest in the negotiations on two light-water nuclear reactors despite the possibility that the inter-Korean talks on rice aid to the North may face difficulties due to North Korea's detention of rice freighter "Samson Venus."

In this connection, a senior official at the North Korean Mission to the United Nations stated there will be no

change in the itinerary of the survey team's visit to North Korea, adding, "We have no knowledge about whether or not the inter-Korean rice talks in Beijing would be postponed."

The official replied "yes" when asked "Will the KEDO's survey team visit North Korea around Aug. 15?"

But it was not immediately confirmed whether North Korea has notified the KEDO it would accept all members of the survey mission which will be manned by about 15 people including four South Korean experts.

Relations With North Coordinated With U.S.

SK1008031295 Seoul KYONGHYANG SINMUN in Korean 10 Aug 95 p 1

[Report by Kim Pyong-kwang]

[FBIS Translated Text] Sensing North Korean authorities' discomfort with the rapid progress in external relations, the ROK and the United States have reportedly agreed to adjust the speed of improving North-South and North Korea-U.S. relations.

The two countries assessed the North Korean situation and discussed relevant strategies at the third ROK-U.S. High-Level Strategy Consultative Meeting held in Honolulu on 7 and 8 August. Yi Chae-chun, first assistant vice minister of the ROK Foreign Ministry, and Winston Lord, U.S. assistant secretary of state for East Asia and Pacific Affairs, attended the meeting as chief delegates.

The two countries decided to mention only the main points of the ROK's position on establishing a peace agreement on the Korean peninsula in President Kim Yong-sam's proposal to North Korea to be made on the 50th anniversary of the liberation day on 15 August, and to present the details of the peace mechanism later, in accordance with North Korea's reaction.

Further Reporting on North's Detention of Vessel

U.S. Urges Ship's Release

SK1008094295 Seoul YONHAP in English 0929 GMT 10 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 10 (YONHAP) — South Korea and the United States recently joined forces in urging North Korea to immediately release a South Korean ship and its crew detained by the North for on charges of spying at Chongjin Port, a Foreign Ministry spokesman said Thursday.

During a high-level policy consultation held in Honolulu, Hawaii, for two days from Monday, the two sides also urged the North to respond to Seoul's efforts to hold a meeting to discuss repatriation of the detained

crewmen of the Samson Venus, expressing concern over the indefinite postponement of the third round of rice talks between the South and North, according to the spokesman.

Pointing out that the issue of providing rice to North Korea starkly shows the need for close three-way cooperation between South Korea, the United States and Japan in connection with the future inter-Korean economic cooperation, the spokesman said that the two sides agreed to expand and develop an existing three-way consultative body for the solution of the North Korean nuclear issue.

The two sides also reaffirmed during the Honolulu meeting that South Korea will play a key role in the dispatch of a site survey team for the construction of two light-water reactors to North Korea and the negotiations for the conclusion of an agreement between North Korea and the Korean Peninsula Energy Development Organization (KEDO) for the provision of the reactors to the North.

The two sides are also to hold a "strategic dialogue" at the level of Vice Foreign Minister Yi Si-yong and U.S. Deputy State Secretary Strobe Talbott. President Kim Yong-sam and U.S. President Bill Clinton agreed to that effect late last month.

Editorials Denounce Detention

SK1008112795

[FBIS Editorial Report] The following is a compilation of editorials from Seoul vernacular papers published on 10 August regarding North Korea's detention of an ROK ship carrying rice and its crew members on charges of espionage.

The conservative CHOSON ILBO carries on page 3 an 800-word editorial entitled "Give Rice and Be Detained." The editorial questions whether an ROK seaman's photographing of Chongjin Port, which is not even a military facility, is "serious enough" to drive inter-Korean relations to their lowest ebb. Referring to North Korea's demand for an apology and an assurance that similar incidents will not recur, as well as for rice shipments to be implemented as agreed, the editorial states: "Since North Korea is assuming an attitude that it will freeze bilateral relations over such a trivial matter, while receiving the rice it wants, it is a matter of course that we must review the rice aid." The editorial adds: "Our public opinion will no longer tolerate such an attitude." Pointing out that the ROK Government is at a loss over this incident, the editorial calls on the government to move prudently and not react hastily to the North Korean maneuvering.

The moderate HANGUK ILBO carries on page 3 a 700-word editorial entitled "We Gave Rice and Now the Ship Is Trapped." The editorial insists "it is totally senseless" that North Korea is detaining the vessel. It demands an apology and expresses anger over the North's "rash act" following the incident in which a South Korean vessel was forced to hoist the North Korean flag while carrying out a humanitarian mission. Analyzing the background behind North Korea's gibberish about "acts of espionage" at a time when it desperately needs to tide over its food crisis, the editorial writes that this incident may have been triggered by "conservative forces in North Korea who are reluctant to receive rice from the ROK." In addition, the paper feels that chances are great that North Korea is attempting "to display its self-reliance, widely propagandizing to the outside world that it will no longer accept rice supplied out of sympathy," as well trying to "devalue President Kim Yong-sam's epoch-making 15 August proposal before it is made." The editorial denounces the government for "having a rosy picture about rice aid" from the outset and for "agreeing to the North's demand to keep the rice agreement secret." The editorial calls on the government to renounce its wrong expectations for a North-South summit and review its policy toward North Korea, as well as suspend shipments of rice.

The moderate CHUNGANG ILBO carries on page 3 a 600-word editorial entitled "Is North Korea Repaying Good Will With Malice?" The editorial states the North's detention of a rice-carrying vessel not only "startles" the ROK people but also "arouses indignation" among them. The editorial then denounces North Korea for "clouding the prospects for the improvement of inter-Korean relations" by distorting a minor violation for political purpose. The editorial states it would have been "more appropriate if North Korea raised this issue at the third round of the rice talks." The editorial then calls on North Korea to "immediately return the detained ship and its crew members," and to "come to the meeting place" to negotiate this issue.

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial entitled "Slapping [the ROK] After Receiving Rice?" The editorial raises doubts about North Korea's allegation of "espionage activities" and expresses disbelief the North held the ship that was offering desperately-needed rice. The editorial refutes the North Korean allegation by writing: "It is hard to understand that the crew members committed espionage in North Korea which showed an awe-inspiring and threatening atmosphere while receiving the rice." Predicting that the recent incident will further "dampen future inter-Korean relations," the editorial urges the government to renew its determination to

"actively conduct North-South relations on firm principles."

Detention Called 'Preposterous'

SK1008111295 Seoul TONG-A ILBO in Korean
10 Aug 95 p 3

[Editorial: "Our People Are Exasperated"]

[FBIS Translated Text] The North Korean authorities have forcibly detained one of our ships that was carrying rice to North Korea. The North Korean authorities revealed the reason for the detention, claiming that one of the crewmen engaged in "spying activities" that included taking photographs of Chongjin Port. On this pretext, the North Korean authorities notified us of their intention not to attend the third round of rice talks slated for 10 August in Beijing.

This is indeed preposterous. Not long ago they took away [teryō kanji] Pastor An Sung-un. This time they forcibly detained a ship that carried South Korean rice to North Korea in the wake of the rice talks. Theirs is indeed an abnormal act which cannot be understood based on common sense. Even if the photographing of the port by a crew member constitutes a violation of international law, is his act so serious a spy activity to the North as to detain the entire ship? Furthermore, is this not the same ship that carried rice and compatriotic love from the ROK?

We would like to first criticize the government's easy-going attitude before we blame North Korea for its abnormal act. Our government authorities did not even protest the incident regarding Pastor An, in spite of the people's judgment that the incident was an abduction, afraid of the negative reaction such a response might have on the schedule for improving North-South relations. Following this, the government has now suffered another blow. As we have already warned, this incident is one of the anticipated North Korean subversive maneuvers against the South. We cannot help but ask the government about the government's sense for our people's personal safety. Is the personal safety secured for those South Korean businessmen who are competitively contacting North Korea?

Of course, we fully understand the government's intention to achieve a breakthrough in North-South relations, using the rice talks as momentum. However, we would like to frankly point out that its intention contains problems. The reason for this was illustrated in an interview with Kim Yong-sun, chairman of North Korea's Supreme People's Assembly Reunification Policy Committee, which was carried by the monthly magazine MAL. Kim stated that "when a goby in the West Sea

[Yellow Sea] jumps, even a broom attempts to jump." This refers to the ROK's offering rice to the North following Japan's proposal to send rice, and that "the more rice one has the better, because rice can be used for stock-breeding and light industry."

He meant that ROK rice was voluntarily sent to the North with the aim of using it as an issue for the local elections, and is for stock-breeding in North Korea. Who is Kim Yong-sun? He is a power holder within the North Korean regime who is responsible for South Korean affairs after Kim Il-song's death. The insulting remarks toward the ROK by such a power holder throw a wet blanket on compatriotic love. This is the truth about the reality in North Korea that we should not ignore. The detention of the rice ship should be regarded in light of this reality. We must not leave this situation intact. North Korean authorities should unconditionally and immediately repatriate the rice ship and the crewmen they have forcibly detained.

Why do they stubbornly claim the taking of photographs of Chongjin Port, which is insignificant, is "spy activity"? If they continue detaining the good-will rice ship that also brought compatriotic love from the South, the international community will never pardon such an immoral and abnormal act. When the North Korean authorities trample our good will underfoot in order to improve North-South relations in such a way, our people's generosity will surely turn to indignation. The government should bring itself to its senses and be made aware of our nationwide indignation.

North Mute on Contact Proposal

SK1008094695 Seoul YONHAP in English
0932 GMT 10 Aug 95

[FBIS Transcribed Text] Beijing, Aug. 10 (YONHAP) — A South Korean official said here Thursday North Korea was yet to give any response to the South's call for a South-North working-level contact to discuss the issue of a South Korean freighter being held in North Korea on spying charges.

Kim Hyung-ki, deputy unification minister for information and analysis, said on arrival here aboard KAL Flight 651 that at the moment there was no way to know who would be North Korean delegate to the proposed contact or if the North would come to the meeting.

"If the proposed contact materializes, we will discuss the issue of the freighter alone," he said.

Kim, accompanied by another official, said he had come to Beijing in expectation of North Korea's acceptance of the proposed working-level contact.

Yi Sok-chae, the South's vice finance and economy minister and chief delegate to the Beijing rice talks, Wednesday afternoon proposed a working-level contact for the early resolution of the issue of rice shipment.

The offer was made in a cable he flashed to his North Korean counterpart, Chon Kum-chol.

Kim Hong-ki Heads to Beijing

SK1008011095 Seoul YONHAP in English
0049 GMT 10 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 10 (YONHAP) — Inter-Korean working-level talks is expected to be held in Beijing Thursday to discuss the repatriation of the South Korean rice-carrying freighter "Samson Venus," now placed under custody at North Korea's Chongjin Port on charges of spying.

The South Korean Government Thursday morning dispatched Deputy Unification Minister for Information and Analysis Kim Hyong-ki to Beijing as its delegate. His North Korean counterpart is expected to arrive in Beijing from Pyongyang.

North Korea may be represented by Yi Song-tok, an official of the Committee for the Peaceful Reunification of Fatherland, or President Kim Pong-ik of Samcholli General Corp., or a third person, a senior government official here observed.

An argument is expected at the Beijing contact as the North Koreans have claimed that a South Korean crew member was engaged in "premeditated espionage" by taking pictures at the North Korean port, while the South asserts that the claim should first be verified.

Seoul has expressed its regret at the incident and proposed a working-level meeting to address it in a telegram cabled to the North, the official said. North Korea has yet to respond to the message.

Noting that an agreement reached in the first round of the inter-Korean rice talks in Beijing stipulates that problems caused in the course of rice transportation be resolved through discussions by delegates from both sides, the official said, "North Korea is expected to send one of its delegation to Beijing Thursday."

Japanese Minister's Remark on WWII Criticized

By Foreign Ministry

SK1008095795 Seoul YONHAP in English
0846 GMT 10 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 10 (YONHAP) — The Foreign Ministry Thursday delivered to the Japanese Government the South Korean Government's

regret over Japanese Education Minister Yoshinobu Shimamura's remarks denying Japan's responsibility for the Pacific War, a Foreign Ministry official said.

South Korean Ambassador to Japan Kim Tae-chi met with Japanese Vice Foreign Minister Hayashi Sadayuki to express "deep regret" over the controversy caused by Shimamura's remarks "at a time when the two countries should go toward intensifying good relations," the ministry's Asian Affairs Bureau Director General Kim Ha-chung said.

Kim said that the South Korean ambassador also strongly urged the Japanese Government to come up with measures to prevent recurrence of such incident.

The Japanese vice foreign minister meanwhile responded that "the Japanese Government considers the remarks (by Shimamura) very regrettable and will make efforts to prevent recurrence of such incidents," said Kim.

Director General Kim said that he summoned Japan's minister here Hiroshi Shigeta to the Foreign Ministry to express the Seoul government's regret at the remarks.

"Shimamura's remarks confirmed so far show that he has a serious problem in the understanding of history," said a Foreign Ministry official. "The ministry will urge the Japanese Government clarify its position on the understanding of the past and come up with measures to prevent recurrence of such remarks (on the past)."

By Political Parties

*SK1008084895 Seoul YONHAP in English
0733 GMT 10 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 10 (YONHAP) — Both the ruling and opposition parties of South Korea lashed out Thursday against a series of "history-distorting" remarks Japanese Government leaders made recently.

Commenting on Japanese Education Minister Yoshinobu Shimamura's recent remarks on what Japan did during World War II, the ruling Democratic Liberal Party said Japanese leaders continuing to deny the crimes their country committed during World War II in their public speeches attest to the fact that they have not yet reflected on, and felt sorry for, their historical crimes.

Party Spokesman Pak Pom-chin said the Japanese people should feel shame at having a man holding a distorted view of history as the cabinet minister responsible for the education of young people.

The history-distorting remarks Japanese Government leaders are making on the occasion of the 50th anniversary

of Japan's defeat in World War II would greatly set back Japan's efforts to improve relations with the Asian countries which it invaded during the war, he warned.

With a correct and just view of history only, can Japan improve its relations with South Korea, he added.

Spokesman Pak Chae-won of the National Congress for New Politics, a new opposition party being created by Kim Tae-chung, also said without Japan's sincere apology for what it did to Korea before and during World War II, there would be no "future for Korea-Japan relations."

When President Kim Yong-sam proposed that Korea and Japan develop a future-oriented relationship, not looking back on the past, he made a rash and wrong offer, he remarked.

Army Chief of Staff Meets Malaysian Counterpart

*SK1008101895 Seoul TONG-A ILBO in Korean
10 Aug 95 p 2*

[FBIS Translated Text] On 9 August, Army Chief of Staff Yoon Yong-nam held a meeting with his Malaysian counterpart General Datuk Che Mohamad Noor at Army Headquarters in Kyeryongdae. They discussed ways to expand exports to Malaysia of ROK-made defense industrial material and to assist the assembling of ROK-style armored vehicles in Malaysia.

During the meeting, the two sides shared the view that the ROK will actively aid in the rearrangement of the military organization and the development of the defense industry in Malaysia, which is emerging as a core military power in Southeast Asia, as well as agreed to map out concrete measures toward this end.

Military Attache Office Opens in Tel Aviv

*SK1008010795 Seoul THE KOREA HERALD
in English 10 Aug 95 p 2*

[FBIS Transcribed Text] A ceremony marking the opening of the Military Attache Office in the South Korean Embassy in Tel Aviv will be held today, the Defense Ministry said yesterday.

South Korean and Israeli dignitaries, including Amb. Pak Tong-sun and Lt. Gen. Yu Chong-kap, director of the Defense Intelligence Agency, will participate in the ceremony.

The opening of the Military Attache Office will contribute to the strengthening of military exchanges and cooperation between the two countries.

Article Speculates on Kim Yong-sam's Successor
952C0159B Seoul CHUGAN CHOSON in Korean
6 Jul 95 pp 24-25

[Article by reporter Kim Min-pae: "Who Will Succeed Kim Yong-sam?"]

[FBIS Translated Text] On the morning of 19 June there was a tempest in a teacup at Chunchu Hall, the Chongwadae [presidential offices] press center. It was touched off by remarks President Kim Yong-sam allegedly made during an interview with the U.S. weekly magazine TIME regarding what he called a "generational shift."

The controversy was triggered by the "reference material" distributed on the TIME interview released by the Chunchu Hall authority on that day.

"Polls show that over 80 percent want a generational shift. However, by the time my term expires, more than 90 percent will actively call for a generational shift. I am absolutely sure that a new person from the emerging generation that has taken over in a generational shift will become the next president. He would not be a disappointment to the Honam area either."

This is the passage appearing in the reference material on the remarks made by President Kim during an interview by (Edward Desmond) [phonetic], TIME Tokyo Bureau chief.

President Kim's reference to a "successor" evoked an immediate reaction from the reporters gathered at the press room. However, what made Chongwadae reporters react so sensitively was the remark that "He would not be a disappointment to the Honam area either." This is because this reporters thought this remark would provide a clue to unraveling the riddle of President Kim's plan for choosing his would-be successor.

Reporters "questioned" Chongwadae Spokesman Yun Yo-chon, and Pak Chin, Chongwadae secretary for translation, who sat in on President Kim's 14 June interview by TIME Tokyo Bureau Chief Desmond. In the end the reporters tentatively concluded that the word "Honam" was contained in a question raised by Desmond. Chongwadae, on the other hand, concluded that "it was a blunder made by the officer of the Overseas Information Office sitting in on the interview when he failed to fully catch the conversation from the back of the interview room."

For now this has ended the controversy that continued for a while in the press room over the alleged reference to a "successor from Honam." However, this does not necessarily mean an end to any practical discussion of the successor issue inside Chongwadae. Rather this

marked the beginning of such discussions. Following the interview, a string of questions and points of controversy were successively raised—questions such as: "When will President Kim reveal his plan for his successor?"; "What is President Kim's real plan for succession?"; "To be more specific, whom does the president have in mind as the person who will succeed him in the generational shift?"; "Is he a party insider or an outsider?" Of course, these are the questions being discussed informally and secretly.

Meantime, speculating on political developments unfolding after the elections, some of the Chongwadae staff said: "The absence of the number two man is one of the major weak points of the powers that be."

These officials argue: "Definitely, there was a number two man in the ruling camp in each period: Kim Chong-pil in the Third Republic under President Pak Chong-hui; No Tae-u in the Fifth Republic under President Chon Tu-hwan; and Kim Yong-sam in the Sixth Republic under President No Tae-u. This made a decisive contribution to the stability of the ruling camp."

They argue in effect: However, there is no clear succession plan now, although the president's term of office has almost reached the halfway mark (25 August). As a result, no one can rule out the possibility that rank-and-file supporters of the party in power will sway by and by. Under the circumstances when Kim Tae-chung and Kim Chong-pil are poised to flex their political muscles after the local elections, the ruling party may be unable to effectively cope with the situation.

Needless to say, when it comes to the question of who President Kim has in mind as his future successor, officials concerned become very cautious of giving their opinions. None of them would give any clear answer. Nevertheless, when the opinions of interested officials in the ruling party are combined, obviously the persons they consider as possible successors to President Kim can be lumped into two categories, party insiders and "outsiders." Mentioned among the party insiders are: former Home Minister Choe Hyong-u of the RDP [New Democratic Party] faction; Kim Tok-yong, Democratic Liberal Party [DLP] Secretary General Kim Tok-yong; First State Minister Kim yun-hwan of the DJP [Democratic Justice Party] faction; and National Assembly Vice Speaker Yi Han-tong. Some officials, although only a few, even mention Yi In-che, governor of Kyonggi Province, in case a choice is to be made from among a much younger generation.

Of course, every one of them jump up with surprise when their names are mentioned in connection with the succession issue. They are unanimous in saying: "The succession issue is not an appropriate issue to

be discussed at this point of time. What is more, the president's term of office still has two years and eight months left."

All of these four officials were sent to the forefront of the local election campaigns. Secretary General Kim Tok-yong was the focus of press attention throughout his local election campaign. He is only 54, and he is the closest aide to President Kim, assisting him for nearly 20 years. He was elected twice to a Seoul electoral district. In view of this background, observers do not hesitate to count him as the top candidate in President Kim's presumed succession plan. What is more, being a native of Iksan, North Cholla Province, he may be given priority as presidential candidate if the president is to use a card appealing to the Honam area. That is why his name was mentioned as a candidate for the president's successor immediately after President Kim's alleged "reference to the Honam" was reported. It may be because he is seen as the prospective favorite candidate for the presidency that on his campaign tour he always attacked Kim Tae-chung more fiercely than he attacked anyone else, saying "Kim Tae-chung is using the local elections as a means of struggle to grab government powers, and he is generating regional division by fanning ruinous regional sentiments."

During the local elections, former Home Minister Choe Hyong-u was very active as the honorable chairman of the Pusan Election Measures Headquarters. After former DLP Secretary General Mun Chong-su of the DJP faction was officially nominated as Pusan mayoral candidate, polls showed that he was falling behind Democratic Party [DP] candidate No Mu-hyon by 10 percentage points. Seeing this, Choe assumed his position as commander of the DLP Pusan election campaign, half by self-recommendation, half by party recommendation. He stayed in Pusan throughout the campaign, doing his utmost to support candidate Mun. When asked for his opinion about the succession issue, he opposed the questioning by saying, "Don't even mention it." However, after he was relieved from his post as home minister last December, he stayed home for about two or three months before leaving to visit the United State in March. It seems that since then the sphere of his activity has widened. An interested official speculated: "He seems to have far-reaching ambitions. He will play a certain role, either taking it on himself or acting as a kingmaker." Some party insiders think that Choe Hyong-u will prove his mettle when the groundwork is laid for adopting a parliamentary form of government, rather than the presidential form of government, pointing out that he is from the Pusan area (Ulsan) and only 61 years old.

State Minister Kim Yun-hwan also worked very hard to clinch victory for his party in the local elections in the Taegu-North Kyongsang Province area. Although he headed the DLP North Kyongsang provincial chapter, he was subject to campaign restrictions because he was an incumbent cabinet member. That is why he had to operate behind the scenes as chairman of the North Kyongsang Province Election Measures Committee to support the DLP candidates in the election. State Minister Kim, 63 years old, is a typical proponent of the parliamentary system. Prior to the local elections, he argued that "the ruling party needs to create a new breed of leading forces." With regard to reports that he is mentioned as a possible candidate for the presidential race, he tries to disassociate him from any speculation, saying "I know myself very well." However, it goes without saying that he will be an important "factor" when the process of forming a new mainstream within the ruling party gets going. Furthermore, when the political situation becomes turbulent in the wake of the local elections, it is possible that he will send an important signal to both the ruling and opposition camps in one form or another.

Vice Speaker Yi Han-tong is also a man who cannot be left out when considering the succession issue. He is a native of Pochon, in the central part of the country; is 60 years old; and is in the president's good graces. His regional background, age, and President Kim's favorable stance toward him are factors that make his name mentioned when the succession issue is discussed. During the local elections he was in charge of the election campaign for DLP candidates in Kyonggi Province as chairman of the DLP Kyonggi provincial chapter. To help gubernatorial candidate Yi In-che, Yi Han-tong stumped the whole province with the candidate. He was once in an embarrassing position when, shortly before the election, his close aide, Yim Sa-pin, bolted the DLP to run as an independent. He immediately branded Yim's move "behavior running counter to good faith," and devoted all his energies to the campaign to elect candidate Yi In-che. Needless to say, when it comes to the succession issue, Yi Han-tong says, "No comment."

Supposing one of these four will emerge as a new-generation presidential candidate, the question of who it will be will depend on whether a choice is made in favor of the parliamentary or the presidential system, as well as on their innate qualities. On the other hand, some observers speculate: "Someone much younger than these four may be chosen, or a fresh outsider may be brought in." However, as of this moment there is no clear indication of who the "fresh outsider" would be.

With the local elections over, the focus of politics will shift to the official nomination of each party's candidates for the forthcoming general elections. In two months President Kim's term of office will reach the halfway point. As time passes, the word "successor" will be heard more and more frequently among party insiders.

It is clear that, given the attributes of the ruling party, President Kim's inner thoughts will be the greatest factor in deciding who will emerge from among the next generation as the DLP candidate for the next presidential election. Judging from the disposition of the president, he is expected to express his preference when the time comes.

Hong Chae-hyong Comments on Real-Name System

SK1008021495 Seoul YONHAP in English
0155 GMT 10 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 10 (YONHAP) — Deputy Prime Minister and concurrently Finance and Economy Minister Hong Chae-hyong declared Thursday the government would push ahead with the real-name financial transaction system in a consistent manner and implement the global income tax and real-name property transaction systems as scheduled.

"Since the real-name system is changing the business and social practices which have been followed for many decades, it entails some inconveniences on many people," he noted in a press conference he called to mark the second anniversary of implementing the system, which falls on Sunday.

"But this is a system which is indispensable for our goal of joining the family of advanced economies and we must therefore have it take root firm into our soil," he stressed.

Hong, who played the leading role in introducing the "revolutionary" financial reform, claimed the real-name system has laid a footing upon which the economy can leap to a higher stage of development, though it was implemented only two years ago.

The sustained growth of the economy and the increased transparency of business transactions, especially of financial transactions, due to the real-name system have provided for additional tax cuts, he remarked.

In the course of the rapid economic development over the past 30-odd years, irregular financial transactions have been overlooked in such a manner as to help some people amass big fortunes through such irregular transactions and this has led to creating a formidable underground economy, he noted.

The real-name system, having irregular financial transactions as one of its targets, will increase its effect as the purifier of the underground economy, as it is taking hold firm now, he asserted.

On the basis of the real-name system, the government will continuously push for financial and tax reforms, including the implementation of the real-name real estate transaction system and a complete global income tax system which includes taxes not only on earned income but also on unearned incomes such as capital gains, interest and dividends, Hong said.

Kim Tae-chung Critiques North Korea Policy

SK1008033395 Seoul YONHAP in English
0254 GMT 10 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 10 (YONHAP) — Kim Tae-chung, permanent advisor to the embryonic National Congress for New Politics (NCNP), claimed Thursday that the government's North Korea policy, which he said has "zigzagged between excessively haughty and inordinately humble attitudes," is to blame for the detention of a freighter in North Korea.

Advising the government to file a "strong protest" with the North, the opposition leader asked the North Koreans to return the vessel at an early date.

Kim criticized that the government "has been dragged into the North Korea's strategy" due to the inconsistency of its policy, according to NCNP spokesman Pak Chi-won.

"The government at one time talked of its readiness to fight in case of need, but at another hurriedly sent rice to the North just prior to the recent local elections without attaching place-of-origin tags to it," Pak quoted Kim as saying.

Kim further said, "the government has incurred misunderstanding from the citizens and also from the North because it has attempted to recover its prestige damaged in domestic politics through its North Korea policy.

"Neither North Korea policy nor foreign policies should be used for the sake of domestic politics. In particular, the government in pursuing policy toward the North should consult with the citizens and should not exclude the opposition parties."

Calling for an immediate repatriation of the freighter "Samson Venus," Kim reportedly noted that one can take photos at the North's Chongjin port as it is not a military harbor, and that he understood that a South Korean crew member took pictures there when the first batch of South Korean rice aid was delivered there.

Kim also called on the government to make effort to obtain the outcome of investigations the Chinese authorities conducted on the alleged abduction to the North in July of South Korean preacher An Sung-un.

Probe of Former Minister's Remarks Continues

*SK1008065795 Seoul YONHAP in English
0530 GMT 10 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 10 (YONHAP) — The prosecution, investigating former Government Administration Minister So Sok-chae's remarks alleging that a former president holds 400 billion won in accounts opened not in his name, concluded Thursday a huge amount of funds must have been stashed away in non-real-name accounts opened at Citibank's Kangnam branch in southern Seoul and is focusing on the search for the owners of these accounts.

The conclusion was reached after having interrogated Kim Il-chang, 55, an owner of restaurant, and eight others involved in spreading the "rumor" that led to So's remarks, an official said.

Yi Chang-su, 43, president and chief executive officer of the Greenpia Hotel in Suwon, was found to be the one who first told three of his friends about funds in non-real-name accounts at a drink meeting in late July last year.

Yi is known to have served as chief accountant for the casino business kingpin identified as only "Chon" who is now staying in a foreign country.

The prosecution, taking him as an agent of the owner of the funds in the Citibank Kangnam branch's non-real-name accounts, is looking for him, while examining his bank accounts with a court's warrant, the official said.

At the drink meeting in July last year, there was no talk about the amount of the stashed-away funds, but in the course of spreading the talk the funds became 100 billion won first and the amount is believed to have increased to 400 billion won when the talk reached Song Sok-nin, 62, a trade agent, or Kim Il-chang, the official said.

The official quoted Song as saying that he had offered Kim half of the amount as a kickback if he arranged for shifting the funds of 100 billion won in non-real-name accounts to real-name accounts without revealing the owner.

But Kim told the prosecution that Song had offered him half of the amount as a reward money if he arranged for shifting 100 billion won out of the 400-billion-won non-real-name funds to real-name funds, he added.

Ex-Presidents' Camps React

*SK1008071995 Seoul YONHAP in English
0645 GMT 10 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 10 (YONHAP) — The camps of former Presidents Chon Tu-hwan and No Tae-u accepted Thursday as a natural conclusion the interim prosecution announcement Friday that neither Chon nor No was involved in the alleged slush funds in bank accounts in aliases, but asserted that the administration should take further actions to dispel public suspicions about the ex-presidents.

In a telephone interview with YONHAP, secretary Min Chong-ki of former President Chon commented, "Even if So Sok-chae's controversial allegation were concluded as a mere happening, serious damage has been done to the honor of the two former presidents and public distrust in political circles would be hard to be recovered. Accordingly, the government will have to take a responsible action."

Asked what he meant by a responsible action, Min said, "Prosecution announcements alone won't be able to remedy the harms wrought by the allegation in question."

Secretary Pak Yong-hun of former President No, reminding that they denied the allegation as groundless from the beginning, said, "As serious damage has been done on the honor of the two former presidents, we'll discuss possible legal actions after observing the final outcome of the investigations."

The two camps did not reveal what actions they will take against the incumbent administration on grounds that the prosecution announcement is interim in nature. But they made it clear to take some actions designed to dispel public suspicions about the former presidents after the final results of the prosecution investigations are issued.

Prospects on Localizing Development Viewed

*952C0159A Seoul HANGUK ILBO in Korean
8 Jun 95 p 15*

[Article by reporter Yi Song-chol: "The Curtain Rises on the Age of Economic Decentralization"]

[FBIS Translated Text] With the curtain rising on the age of local autonomy, the focus of the economy is now shifting from the traditional "national economy" to "local economies," which will emerge as separate economic units quite different in character from the present unitary economy entity. Under the current "centralized" economic management system, the whole nation and

all regions are mobilized monolithically and indiscriminately to implement each goal set by the central government. However, this system is going to be replaced by a "decentralized" economic management system, under which local governments and local communities set their own goals and take responsibility for measures to reach these goals.

The emergence of local economies as independent economic units heralds the beginning of the age of economic competition among localities. This competition will differ in nature from political competition based on regionalism. Only those heads of local governments who have increased the wealth of their residents and made their communities more affluent than neighboring communities will be reelected in the next elections. Therefore, local government heads will have no choice but to do their best to develop the most promising industries suited to their localities.

Accordingly, local governments will try to create large-scale industrial estates by offering various tax and financial incentives in an effort to increase added value and employment. They may compete with other localities to attract outside investors. They may launch public relations campaigns at home and abroad to advertise tourist attractions in order to increase tourism income. They will need lots of lobbying funds to obtain as much funding as possible from the central government. Soon our mayors and governors and municipal and provincial assemblymen will travel abroad, holding "investment guide sessions" on behalf of their cities and provinces to attract foreign enterprises, just as state governors and parliamentarians in the United States, Great Britain, Germany, and other countries occasionally visit our country to attract our enterprises by offering very attractive incentives. Many argue that when the local autonomy system is implemented, local industrial estates—like those in the Yongnam and Honam areas—and the tourism industry—like that on Cheju Island—will develop much faster. This argument is based on the principle of inter-regional competition.

The system of local autonomy signifies a relative weakening of the powers of the central government. There could be some "recalcitrant" local governments. However, the localization of economic development with local economies as basic units does not necessarily mean the elimination of the central government's role. To date the central government has played the role of "the

omnipotent," monopolizing powers and responsibilities. However, from now on it will be required to perform the far more difficult and subtle role of "arbitrator," that is, the role of an adjudicator who has to adjust inter-regional competition and mediate between competitors so that the competition among local governments does not destroy the framework of the national economy, but rather increases the overall "pie." For this reason, the government intends to take charge of major economic policies and continue maintaining "control mechanisms" to rein in local governments.

As an initial step, the Board of Finance and Economy [BFE] is studying the issue of establishing a mechanism to arbitrate inter-regional disputes so that economic competition does not become regional egoism. This mechanism will ensure that, for instance, when there is friction between Seoul and Kangwon Province, the latter will not shut the lock-gate of the Han River Dam in an extreme case. The central government plans to take direct charge of matters affecting the livelihood of the general public, such as control over consumer prices and support for small- and medium-sized enterprises,

The surest means of curbing local governments' self-centered moves is, in the end, the budget. According to the BFE, as of 1993 the fiscal self-support rate of the 15 major metropolitan and provincial governments was 59.8 percent, with 40 percent of their total fiscal needs met by central government grants. Local governments cannot issue bonds to raise fiscal funds unless they obtain permission and a payment guarantee from the central government. To all intents and purposes, the purses of all local governments except Seoul are still controlled by the central government.

In this regard, the BFE says: "Genuine local autonomy subsumes fiscal independence from the central government." On this premise, the BFE is currently studying measures to expand the revenue sources of local governments, measures such as: converting part of the national tax to local taxes; flexibly adjusting local tax rates; and supporting and assisting projects undertaken by local governments to increase their revenues and find new revenue sources. However, although the central government has embarked upon redefining its relationship with local governments for the first time, it does not seem to be ready to give up the control weapon named the "budget."

Burma**Karen Guerrillas Not To Change Leadership**

*BK0508134495 Bangkok THE NATION in English
5 Aug 95 p A5*

[FBIS Transcribed Text] Tak — Karen guerrillas have decided against changing their leadership and will instead attempt to form a united front with other armed ethnic groups and Burmese dissidents to oppose the Rangoon Junta.

Informed sources in the Karen National Union said the KNU congress had agreed on the movement's basic priorities after two weeks of meetings.

These were to consolidate all ethnic guerrilla and dissident groups into a single front, and to agree on the new policy following the unexpected release on July 10 of pro-democracy leader Aung San Suu Kyi.

KNU 'Insurgents' Said To Attack Defectors

*BK1008110395 Rangoon TV Myanmar Network
in Burmese 1330 GMT 9 Aug 95*

[FBIS Translated Excerpt] The KNU [Karen National Union] terrorist insurgents led by Bo Mya have been shouting about the welfare of Karen nationals, but in practice they ignore the need of the people in Karen State for peace, tranquility, and regional development and have been engaging in subversive activities such as murder, banditry, extortion, rape, and mine planting in Karen State.

Followers of Sayadaw [abbot] Thuzana of Myainggyingyu village in Hlaingbwe and some members of the KNU who could no longer stay under Bo Mya's leadership formed a progressive Karen Buddhist organization and successfully attacked and captured the KNU central headquarters in Manerplaw and Kawmura — or New Wangkha — camp and are working together for peace and development in Karen State.

Bo Mya bore a grudge against Myainggyingyu Sayadaw, who he held responsible for the gradual disintegration of the KNU. He formed the White Headband Group led by the KNU's Sayadaw Nai Maung Hla to assassinate Myainggyingyu Sayadaw, but 47 members of the group, led by Bo Kyaw Kyaw, who understood Bo Mya's wrong deeds, surrendered along with 11 light weapons and two hermits on 11 June.

Bo Mya was not happy with the members of the White Headband Group who surrendered and he assigned a group led by Johnny to assassinate the family members of those who had surrendered. The Karen terrorist insurgents led by Johnny entered the Ulupalaw region on 27 June and attacked and killed members of the

White Headband Group. Among those killed were seven Central Committee members. Moreover, nine followers of Nai Maung Hla were killed by KNU terrorist insurgents led by Bo Maung Di on 30 June. They later entered Nawbohta village and Kaleinbuhta refugee camp in Thailand and brutally killed 48 Karen nationals after vowing to kill all vegetarians [members of Karen Buddhist group], including children. Furthermore, they colluded with a group in the country on the other side to expel vegetarians from Nawmung village. The remaining Karen nationals were so harassed by terrorist insurgents from Johnny's KNU group that 291 people — 151 males and 140 females — from 73 households left their village and fled to Myainggyingyu village on 31 July. [passage omitted]

So far, 23,812 people — 11,124 males and 12,688 females — from 4,373 households have returned to Myainggyingyu. The responsible organizations are taking care of the returnees' food, shelter, health, and education needs.

Khin Nyunt Meets Eastern Shan State Leaders

*BK0708153995 Rangoon Radio Myanmar in Burmese
1330 GMT 7 Aug 95*

[FBIS Translated Text] Lieutenant General Khin Nyunt, chairman of the Work Committee for the Development of Border Areas and National Races and secretary-1 of the State Law and Order Restoration Council, received and hosted a dinner in honor of U Sai Lin, a national leader from special region-4 in Eastern Shan State, and party at the Mya Yeik Nyo Royal Hotel in Bahan Township in Yangon [Rangoon] at 1800 today.

During the meeting, they held talks and coordinated on regional development programs and the improvement of the transportation and tourism industry.

Seventh Anniversary of 1988 Uprising Noted**NCGUB Issues Statement**

*BK0908134795 (Internet) BurmaNet News in English
9 Aug 95*

[Statement by the National Coalition Government of the Union of Burma on the seventh anniversary of the 8 August 1988 democratic uprising on 8 August 1995]

[FBIS Transcribed Text] Statement on the 7th Anniversary of the 8-8-88 Democracy Uprising:

Today is the seventh anniversary of the nationwide uprising by the people of all nationalities in Burma. For over 26 years, the people had lived under a military dictatorship and a student-led strike by people from all walks of life on August 8, 1988 spread nationwide.

A democracy movement was born and the military-led Burma Socialist Program Party government was toppled in that year.

The gains made by the democracy movement were, however, quashed by the military when it staged a coup in September 1988. Thousands of demonstrators were gunned down on the streets while thousands more were arrested, tortured and imprisoned.

Today, many of these political prisoners still remain in jail and national leader Daw Aung San Suu Kyi, who was kept under house arrest for almost six years, was released only on July 10, 1995.

Her release had raised expectations in the international community which immediately took the release as a sign of "flexibility." The sentiment was even more pronounced among those looking for an excuse to do business with the military junta.

Daw Aung San Suu Kyi's house arrest was illegal in the first place and her release should not be taken as a signal that all is well now. Daw Suu has said "nothing has changed" in the country, and until the junta enters into a meaningful and substantial dialogue for national reconciliation, the international community should refrain from giving the junta aid, assistance and recognition.

So far, the SLORC [State Law and Order Restoration Council] military junta ignored to the calls for a dialogue by Daw Aung San Suu Kyi. A senior member of the SLORC military junta, General Maung Aye, has even issued a warning against "creating disturbances" and the SLORC Foreign Minister Ohn Gyaw was quoted as saying Daw Suu cannot assume a leadership role or participate in the politics of the country because she is "married to a foreigner." The SLORC has also made a veiled threat against her a few days ago by summarily trying and imprisoning three well-known democracy activists for seven years for "meeting foreigners."

Where then is the progress toward democracy or the "flexibility" that so many are trying to credit the SLORC with? The forces for democracy and the international community should not allow themselves to be lulled into believing democratization is about to take place in Burma. We urge them to maintain their pressure until the generals begin taking substantial steps towards restoring genuine democracy.

As for us, the National Coalition Government, we firmly pledge on this momentous occasion of the 8-8-88 democratic uprising, to be faithful to the memory of the thousands of heroic martyrs who have laid down their lives for democracy and human rights. We will uphold the aspirations of these martyrs and those

who continue to languish in prisons today. Unless the SLORC responds positively by releasing all political prisoners and begins a dialogue with Daw Suu to initiate a process of genuine democratization and national reconciliation, it will never be able to convince the Burmese people or the international community about its claimed intent to promote democracy.

ABSDF Issues Statement

BK0808031895 (Internet) BurmaNet News in English
8 Aug 95

[Statement of the Central Leading Committee of the All Burma Students' Democratic Front on the seventh anniversary of the 8 August 1988 democratic uprising, dated 8 August 1995]

[FBIS Transcribed Text] August 8, 1995, this is the seventh anniversary of the day when the people of Burma, bravely risked their lives to confront the military dictatorship in Burma. With the magnificent spirit of 8.8.88, the entire people of Burma have been struggling since then for the restoration of democracy in Burma. We, the ABSDF, proud members of the 8.8.88 generation also continue with all means at hand to achieve democracy in Burma.

As a result of this continuing struggle by the people, the SLORC [State Law and Order Restoration Council] military regime finally has released our national leader, Daw Aung San Suu Kyi, 1991 Nobel Peace laureate. We must now continue our struggle to achieve complete victory.

To settle the current political problems of Burma, we call on the international community and the people of Burma to demand that the SLORC:

1. Unconditionally release all political prisoners including student prominent leader Min Ko Naing.
2. Cancel all its unjust laws and orders.
3. Call a dialogue for national reconciliation.
4. Abolish its sham National Convention.
5. Set up an interim National Coalition Government led by Daw Aung San Suu Kyi.
6. Establish genuine internal peace in Burma.

Struggle on with the spirit of 8.8.88!

Long live the spirit of 8.8.88!

Cambodia

Khmer Rouge: Phnom Penh-SRV Killed Chaleap

BK1008055895 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 9 Aug 95

[Communique issued by the spokesman of the "Provisional Government of National Union and National Salvation" on 9 August — place not given]

[FBIS Translated Text] I. It was reported from Phnom Penh that the two-heads had shot and killed Meas Chanleap inside the puppet parliament house. Meas Chaleap was a leading member of the Buddhist Liberal Democratic Party [BLDP] and a member of the two-headed National Assembly. Like other politicians at home and abroad, Meas Chanleap opposed communist Vietnam's war, the presence of the more than 4 million Vietnamese nationals in Cambodia, opposed corruption, and demanded that communist Vietnam's war be ended and national reconciliation and peace be realized.

II. The chief assassins who shot and killed Meas Chanleap were the police of Sar Kheng, chief satan and an extremely fascist goon and lackey of communist Vietnam.

Who was behind Sar Kheng, Hun Sen, and Chea Sim? It was their boss, communist Vietnam, especially Le Duc Anh, who is the chief assassin and archcriminal responsible for the genocidal war against the Cambodian race. Le Duc Anh came to Phnom Penh to give orders to the committee of the Communist Party of Vietnam, the two-heads, and the communist Vietnamese secret police to crush and completely wipe out the forces serving the U.S. Just a few days ago, communist Vietnam and the two-heads demolished FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and the BLDP, and expelled Sam Rangsi and His Excellency [H.E.] Son Sann and other BLDP leaders.

III. This shooting death of Meas Chanleap clearly shows that Le Duc Anh's trip to Phnom Penh was to flex muscles to intimidate Sam Rangsi, H.E. Son Sann, Son Soubert, Kim Sokha, and other political figures who wanted an end to communist Vietnam's war and called for national reconciliation and peace for the sake of national reconstruction. It was also to give Warren Christopher a vicious kick and a hard slap. It shows that communist Vietnam and not the U.S. is the boss of the two-heads. Communist Vietnam is trampling on Christopher's and Clinton's heads and is rubbing America's face in the dirt and the excrement inside communist Vietnam's latrine. Communist Vietnam will not allow the U.S. and her puppets to rear their heads

ever again. It continues to crush U.S. forces and to hit it harder to squeeze more money from it in order to continue to fuel the war and massacre the Cambodian nation and people.

IV. Since communist Vietnam and its puppets are so despotic, monopolistic, and fascist, should the U.S. continue to fawn, brownnose, and pamper them blindly and excessively, or should it advocate a new policy by ending communist Vietnam's war to enable Cambodia to have peace and national reconciliation in a democratic, multiparty, and free-market system like the ASEAN countries?

9 August 1995;

[Signed] The Spokesman of the Provisional Government of National Union and National Salvation

Khmer Rouge on Le Duc Anh Trip to Phnom Penh

BK0808092895 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 7 Aug 95

[Unattributed commentary]

[FBIS Translated Excerpt] Reject Le Duc Anh! Reject Le Duc Anh! Get Out Le Duc Anh! Get Out Le Duc Anh! Get Out Le Duc Anh! Le Duc Anh Go To Hell! Le Duc Anh Go To Hell! Le Duc Anh Go To Hell!

These are the vociferous anathemas and curses made against Le Duc Anh.

I. The out-and-out lackeys of the communist Vietnamese, namely, Hun Sen, Chea Sim, Sar Kheng, and Tie Banh, have made a lot of noise and ordered the Vietnamese puppets and policemen to force the people, students, pupils, and civil servants in Phnom Penh to line up along the street to welcome Le Duc Anh on his visit to Phnom Penh [on 8 August]. They have made this loud noise and issued this order because:

1. Le Duc Anh is their real father, who in 10 January 1979 brought them into existence as devils to suck the blood and eat the flesh of the Cambodian nation and people — which they have been doing for 17 years now.

2. Their father Le Duc Anh is coming to trample upon and eliminate all traces of U.S. Secretary of State Christopher and to flex his muscles to encourage his puppets and demonstrate his efforts to continue strengthening and expanding communist Vietnam's dictatorial-fascist regime so as to establish complete control over the FUNCINPEC [National United Front for an Independent, Peaceful, and Cooperative Cambodia], the

Buddhist Liberal Democratic Party [BLDP], and the other national forces.

3. Le Duc Anh's trip to Phnom Penh is a slap in the face of the United States and Christopher and a warning to them not to bring U.S.-made democracy and human rights to compete with the communist Vietnamese's fascist dictatorship and human rights; It is impossible to do this because in fact the real forces of the communist Vietnamese are now everywhere in Cambodia, in the military, police, and civilian bodies. Meanwhile, the two-heads and their legislative, executive, and judicial organs and the monarchy are all in the iron cage and under the black fangs of the communist Vietnamese.

II. However, Le Duc Anh once suffered losses at the hands of the Cambodian people and Democratic Kampuchea. Over 200,000 of his aggressor forces were killed or wounded and his economy and financial situation have plunged to the bottom due to the communist Vietnamese war of aggression against Cambodia.

This clearly attests that neither the communist Vietnamese nor Le Duc Anh are winning. They have been beaten, completely beaten, by the heroic Cambodian nation and people. This is why they have begged the United States to establish diplomatic relations with them and to give them some dollars. They have kept pleading with the United States like a beggar. Moreover, the communist Vietnamese and their puppets are suffering seriously in all sectors and all fields in Cambodia. They have no rice to eat. This is why Christopher has brought them some rice.

It is true that the communist Vietnamese and their puppets have completely crushed the FUNCINPEC and all other U.S. forces, but the Cambodian people, Democratic Kampuchea, and the other national forces are still standing firmly and struggling to smash the heads of the aggressor communist Vietnamese and their puppets like a crumpled hut laying flat on the ground. [passage omitted]

Phnom Penh Attempts 'Attack' From Thailand

BK0908022195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 8 Aug 95

[FBIS Translated Text] I. It was reported from the Preah Vihear battlefield that at 1000 on 8 August that 60 two-headed puppet soldiers crossed the border into the Kingdom of Thailand at point 00/85 in Nam Yun District in an attempt to attack the National Army of Democratic Kampuchea [NADK] at An Seh from the back.

II. This is a gross violation committed by the two-headed government against the territory of a neighboring country in complete disregard of international law and practice.

III. The NADK was clearly aware of the design by communist Vietnam, the alliance, and the two-heads. It has constantly upheld vigilance and made ready poison stakes, plain stakes, punji pits, and assorted mines. It is in control of all aspects of the situation and is waiting to crush the enemy like it did in the past.

Khmer Rouge Thwarts 'Attack'

BK0908025695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 8 Aug 95

[FBIS Translated Text] On 6 August, the two-heads mustered the remnants of their routed troops from three divisions — the 12th, the 8th, and the 3d Divisions — and from the Banteay Meanchey provincial forces and used them in an attempt to seize the Pig's Snout area on the Sisophon-Poipet battlefield back from us. They sallied their forces against us in five prongs.

The first prong with some 100 troops was sent from kilometer marker No. 4 via Khok Sbaeng village in Thailand. The second prong with some 80 troops transported by 10 trucks went through Thai territory at Ban Lek-Nong Ian. The third with over 100 troops was launched from the Sangke Yar bridge on Kop river. The fourth with some 100 troops sallied out of Yeang village along the border, while the fifth prong was launched from Kut Ta Sat toward Yeay At.

After five hours of fighting, our army and people completely crushed these five prongs of invading troops, killing 22 enemy soldiers with 11 bodies left behind on the battlefield, and wounding 16 others. We seized a quantity of arms, ammunition, and war materiel. We planted an additional 13,000 stakes and many assorted mines. We also liberated and controlled enemy positions along Kop river and at Khai Dan.

It should be noted that since mid-July the two-heads have violated the sovereignty of the Kingdom of Thailand on many occasions in their attempts to attack us from the rear. However, the National Army of Democratic Kampuchea and the people have always been in control of the situation and the designs of communist Vietnam, the alliance, and the two-heads. They have always upheld vigilance and fielded all kinds of measures to smash the enemy in each of his attempts.

Khmer Rouge Calls for Unconditional Talks

BK1008070595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 9 Aug 95

[FBIS Translated Excerpt] On 26 July, [as heard] His Excellency [H.E.] Chan Youran, deputy prime minister and minister of foreign affairs of the Provisional Government of National Union and National Salvation [PG-NUNS], gave an interview to explain Cambodia's situation and his government's views and stance on Cambodia and the settlement of the Cambodian problem. On this interview, a group of former ambassadors and embassy counselors, secretaries, and attaches who served the Foreign Ministry between 1955 and 1970 sent him a letter of support, and asked H.E. Chan Youran how the talks should be conducted. In response to the letter, H.E. Chan Youran issues the following explanation:

[Begin Chan Youran recording] Dear excellencies, gentlemen, and brothers: I have received your letter of support expressing satisfaction with, approval of, and support for the policies contained in my 26 July interview. Your letter shows that you have closely followed the situation of our country and the vital interests of our people and nation. I deeply thank all of you for supporting the contents of my interview.

Allow me to tell you that according to your letter, all of us continue to be of one mind and one heart and to uphold our nation's interests and destiny. Therefore, despite the distance that separates us physically, our mind continues to be close as we are bound by deep affection and friendship and by our common care for the fate of our nation, people, and race.

On your question about the reasons for holding talks, let me tell you that I understand your concern. I know that you asked this question because you too have considered this problem, have been through it, and have had ample experiences of it. You have countless experiences predating the Paris agreement, countless experiences about the talks on and the implementation of the Paris agreement, and countless experiences about roundtables before Vietnam, the alliance, and the two-heads colluded to forge a farcical law to outlaw Democratic Kampuchea. Moreover, you have been familiar with and have had personal experiences about the fascist laws successively imposed by the two-heads on the people and political figures, for they have issued fascist laws to arrest, intimidate, and expel people such as H.E. Sam Rangsi and H.E. Son Sann left and right.

It is based on these striking testimonies that I understand why you have reservations on how the talks should be conducted. As for the significance and meaning of the talks, we all understand and know it through concrete

situations and personal experiences. I, nevertheless, would like to clarify it even further for your information.

First of all and always — be it in the past, at present, or in the future and including me and the people in general both at home or abroad — most of the political figures understand that talks or dialogues are preferable to war. They are 1,000 and even 10,000 times better than fighting and battles. Why? Because the war that has been going on in our country for the past 16-17 years was not caused by our nation and people nor was it the making of Democratic Kampuchea. [passage omitted]

I cite these examples to show to you that since time immemorial, Cambodia never wanted war, never wanted to invade any country, and has desired anything more than to have peace and to coexist peacefully with all other countries. On the one hand, this reflects the gentle nature of our nation and people. On the other, it shows that we are realists, that we are aware that we are a small country with a small population that consequently need peace to survive. Moreover, the policy of peace and neutrality is Cambodia's most consistent and staunch policy. Every Cambodian wants peace and happiness. We want peace and happiness everywhere and at all times, in the past, at present, and in the future. This is with the exception of just a handful of traitors who are the lackeys of Vietnam and the alliance. These traitors do not want to see Cambodia becoming independent, peaceful, or neutral. They operate at the orders of their bosses, and Vietnam and the alliance, who advocate the strategy of swallowing up Cambodia, and of scrambling to turn Cambodia into one of their strategic bases. These incidents that I recall more than sufficiently show that we want peace, that we do not want war.

When foreign countries threatened to invade us or wage war in our country, we promptly called for talks. After the foreign invasion, we also called for talks to solve the problem peacefully. All Cambodians, as a matter of fact, want talks because they want peace and peaceful coexistence. The war can only cause destruction and misery. You all know how serious and endless the havoc and suffering have been for our people as a result of the war launched against us by the communist Vietnamese aggressors since the end of 1978 and that is being exacerbated by the alliance and the two-heads. You know how our people have suffered, how our children have become orphans and have died from hunger and neglect, how many Vietnamese nationals and prostitutes have flooded our country, and how AIDS and other diseases have been spreading in our society and among our people.

It is for all these reasons that we do not want war at all. We want peace, only peace. To have peace, we

must not use wars to end wars. This is true not only for Cambodia but for the whole world. Wars cannot end wars. Talks, dialogues must be used to end a war. We should settle anything that we can agree on first, and leave anything that we cannot agree on to be settled later while continuing to meet and hold talks.

Like all of you, I see that if we do not make efforts to solve the war, our nation, our people, and our race will surely be finished. All of us want to end the war. However, the Vietnamese do not want it that way. They want the war to carry on so they can come to Cambodia and implement their strategy. As for Cambodians, we do not want it, of course with the exception of a very small group of Cambodians who are traitors, who are lackeys of Vietnam and the alliance, and who obey the orders of Vietnam and the alliance. You all know the names of these traitors. They do not have their own forces. They only have support of Vietnam and the alliance. They do not enjoy the support of the Cambodian people. They only have the support of foreign countries. Therefore, whether we can or cannot hold talks now is not entirely up to us Cambodians. It is also an affair of communist Vietnam and the alliance.

Allow me to tell you about the attitude of Democratic Kampuchea, of the Cambodian nation and people vis-a-vis the roundtables that his majesty the king repeatedly proposed. We readily accepted it. We accepted the roundtable negotiations. On the contrary, they sabotaged the roundtables, repeatedly. Who sabotaged it? It was communist Vietnam and its puppets, particularly the insolent and discourteous Hun Sen. This puppet behaved in a most boorish manner toward other people and even toward his majesty the king. So, you all know that the communist Vietnamese war in Cambodia cannot be solved up to the present time because of communist Vietnam and its puppets. [passage omitted]

I recall some of these incidents to show to you that talks do not come by easily, that it is very difficult even just to organize a few meetings. However, I still hold that talks are 1,000 and even 10,000 times preferable to war. With your permission, I would say that talks are one million times better than war. This is what I meant when I said we needed a settlement through talks and I meant for all of us Cambodians both inside and outside the country. All Cambodians want the talks to end the Vietnamese war of aggression. Who does not want the talks? None but communist Vietnam, the alliance, and the chief communist Vietnamese puppets.

I continue to understand and to believe firmly that through the struggle of the Cambodian nation and people both at home and abroad, one day there will be talks and that talks cannot be avoided because for the

past 17 years, the communist Vietnamese war has not succeeded in doing away with Democratic Kampuchea nor with the Cambodian nation and people. It will still not succeed in the next 10, 20, or even 50 years. Why? Because this is a nation, a people rising up and waging a struggle, a people armed with a strong ideology and equipped with a clear objective for the struggle to save and liberate their nation. They are not those bunches of Dap Chhuon, Put Chhay [leaders of past aborted antigovernment uprisings], and so on.

This has been proven true historically. It takes place not just in Cambodia. It has been proven everywhere in the world. A small or medium-size country, if it is not afraid to fight, can always succeed in the struggle. Therefore, whether the enemy wants it or not, a solution to the communist Vietnamese war of aggression will be dictated by the struggle of the entire Cambodian nation and people, and this solution will be made possible through talks. This is my belief and it is based on realities, not on wishful thinking. It is based on the real struggle waged by our nation and people.

Now let me tell you how the talks can proceed. This should be my answer to your question.

On the issue of talks, you all understand it and have ample experiences of it. I would like to inform you as follows:

1. We must make preparations for the talks. No preconditions should be imposed. Preparations should be made to hold the talks so that dialogue partners can draft the agenda and prepare how it should be conducted. Anyone who wants peace, an end to the war, national reconciliation, and national concord surely would want talks. Holding talks is to exchange views and conduct discussions on this or that issue. The partners in the talks should accept any issue that they agree on and leave those that they do not agree on for future talks, future consultations, and future consideration. Only in this way can we solve the problem, one aspect after another. If we do not hold talks, nothing would be achieved.

We should make this clear: Who does not want the talks? It is communist Vietnam, the alliance, and a handful of Vietnamese and the alliance's lackeys. These lackeys can still cling to power thanks to communist Vietnam and the alliance. You all know very well who they are.

2. Who should take part in the talks? These talks are between Cambodians. I do not disagree with the idea of holding bilateral talks between the PGNUNS on the one side and the Phnom Penh government on the other. Or, we could also hold multilateral talks with the participation of several local and overseas

Cambodian parties. This is because we hold talks to end the communist Vietnamese war and bring about peace, national reconciliation, and national concord. I say this because no Cambodian would hold talks to wage a war, no Cambodian would hold talks to sabotage peace, no Cambodian would hold talks to prevent national reconciliation and national concord. All Cambodians want to end the war and to achieve national reconciliation and national concord. We do not want the Vietnamese to join the talks. Foreign countries need not join the talks.

3. Where should the talks be held? You all know the practice of selecting the venue for talks. According to international practice, a neutral place should always be selected for the talks. However, I would like to inform you that I accept the idea that the talks can be held anywhere. They can be held in Phnom Penh, in Bangkok, in Paris, in New York, or anywhere the talks can begin. Therefore, we will show our profound goodwill in the interests of our nation, people, and race. We set no conditions for the talks to end the communist Vietnamese war in Cambodia. So, in order to solve the Cambodia problem through talks, and through peaceful dialogues, our stance is very clear and we set no conditions. Now, it is up to the Phnom Penh side to answer to our correct position and attitude mentioned above.

Again, it is the Cambodian nation and people both at home and abroad who must judge who is a patriot and who is a traitor, who wants to end the war and bring about peace, and who continues to implement the strategy of communist Vietnam and the alliance to carry on the war and sabotage the peace. This is all I have to tell you so that you can use your own good sense to judge for yourselves. Please accept my highest and warmest regards. [end Chan Youran recording]

Officials Dismiss Call

*BK1008082095 Hong Kong AFP in English
0737 GMT 10 Aug 95*

[FBIS Transcribed Text] Phnom Penh, August 10 (AFP) — Senior Cambodian officials Thursday dismissed a Khmer Rouge call for new peace talks saying the time for negotiation has passed and that nothing less than unconditional surrender would allow the rebels to rejoin the rest of the country.

"There is no need to negotiate now," co-Minister of Defense Tie Banh told AFP. "They should lay down their arms, come out of the jungle, and stop destroying bridges, cutting roads and killing people, that's all."

In a surprise move, the outlawed rebel faction's "foreign minister" Chan Youran said the guerrillas were prepared

to come to Phnom Penh to lay the groundwork for talks to end the country's long-running civil war.

"The problems of Kampuchea (Cambodia) have to be resolved through negotiations," he said in a clandestine radio broadcast monitored in Bangkok. "We have to clearly and completely bring a halt to the war in our country."

He said the Khmer Rouge would not accept any conditions for the preliminary talks which he suggested could also be held in Bangkok, New York or Paris.

The Khmer Rouge, nearly totally isolated from the world community, have come under increasing military pressure in the past several months from major government offensives against its strongholds in the northwest of the country near the Thai border.

Although the guerrillas have managed to hold on to their territory, they are believed to have sustained heavy casualties.

Tie Banh declined to speculate on whether the offensives might be responsible for the rebels' apparent change of heart.

Other ministers, including co-Minister of Interior Yu Hokkri, said they did not believe the call for new talks was in earnest.

He recalled last year's failed round-table talks in Pyongyang between the government and the guerrillas.

"The government had asked them to lay down their arms before and they didn't and they have shown in the past that when they negotiate, they don't want to talk at all, only delay," he said.

"I think we should put an end to negotiation," he said. "I think this is just a strategy for them to prolong the war."

In late July, First Prime Minister Prince Norodom Ranariddh said negotiations were out of the question.

"Tell Chan Youran there is nothing to negotiate," Prince Ranariddh said after the Khmer Rouge official said war was hurting the country in a July 27 broadcast.

But the prince said guerrillas not involved in atrocities committed during their reign in the 1970s when more than one million Cambodians died, would be able to form a new political party and join the next national elections scheduled for 1998.

Then, after months of saying that top rebel leaders would be ineligible, the prince told visiting US Secretary of State Warren Christopher earlier this month that the group's shadowy leader, Pol Pot, could run in the election if he renounced his past.

The Khmer Rouge boycotted the 1993 UN-brokered elections.

In his radio address, which came one day after Vietnam's president Le Duc Anh ended an official visit to Phnom Penh, Chan Youran said the proposed negotiations would be aimed at ending the "Vietnamese aggressive war" against Cambodia.

Vietnam ended the Khmer Rouge's rule after invading Cambodia in late 1978 and then occupied the country for more than a decade.

Indonesia

Students Burn Banners at Australian Embassy

BK1008075495 Hong Kong AFP in English
0614 GMT 10 Aug 95

[FBIS Transcribed Text] Jakarta, August 10 (AFP) — Fifteen students burnt posters and banners outside the Australian Embassy in a noisy demonstration here held in retaliation for an Indonesian flag burning in Australia nearly two weeks ago.

The protesters climbed onto the embassy gates, yelled abuse at staff inside the compound and made obscene hand gestures, before tearing down their banners and burning them on the driveway outside the embassy while singing the Indonesian national anthem.

The banners said: "Go to hell Australia," "Kick out the Australian ambassador" and "Australia colonises aborigines".

"We want the Australian Government to apologise to the Indonesian people about the burnt merah-putih (Indonesian flag)," protester Ananda from the New Indonesian Paramilitary Youth told AFP.

About 20 police and soldiers attended the demonstration, some armed with M-16 rifles, but they did not intervene in the protest, even when the students climbed onto the gates.

One student threatened to burn an Australian flag, but no flag was produced.

The students, who represented six pro-democracy groups including Forum for Democracy in Indonesia and Students for Solidarity and Democracy in Indonesia, demanded to meet Australian Ambassador Allan Taylor.

Taylor declined to meet students with press present, but agreed to meet two representatives on Friday.

A group of demonstrators in Melbourne burnt an Indonesian flag on July 29 following a protest against the Indonesian military's involvement in the Australian Kangaroo '95 military exercises.

Reports of the burning have sparked an uproar in the local media with various politicians calling for an apology from Canberra or some strong action from Jakarta.

"We are giving the Australian Government until August 17, and if they do not apologise (for the flag burning) we will organise all the people, young and old, to protest at the embassy," Ananda said.

Jakarta sent an official protest note to Canberra on August 3 and summoned Taylor to the Ministry of Foreign Affairs on Monday to register its displeasure with the flag-burning incident.

"We don't condone such actions (flag burning), but it is not against the law to burn a flag in Australia," a spokesperson for the Australian Embassy, John Milne, told AFP, adding that Australians have a right to express their opinions.

Taiwan 'Optimistic' About Investment Trend

BK0408140195 Jakarta ANTARA in Indonesian
1115 GMT 4 Aug 95

[FBIS Translated Text] Jakarta, 4 Aug (ANTARA) — The Taiwanese government is optimistic that the investments in Indonesia by its businessmen will increase. It also believes that its target to become the top investor in Indonesia will be achieved soon.

Speaking to ANTARA in Jakarta Friday, Alexander S. Chen, head of the Taiwan Trade and Economic Representative Office in Indonesia, said his optimism is based on Taiwanese businessmen's confidence about business prospects in Indonesia.

"The new facilities given by the Indonesian Government to foreign investors have increased Taiwanese businessmen's confidence," he said.

Chen said his country's investment in Indonesia stands at \$8.6 billion or about 17.2 trillion rupiah and is the second largest foreign investor in Indonesia after Japan. Japan is the top foreign investor in Indonesia with investments of \$17.3 billion (34.6 trillion rupiah). Japan has always occupied the top slot since the Foreign Investment Law was enacted in 1967.

Chen said his country has a target to replace Japan to become the top investor in Indonesia in the coming years. A similar statement was also made by another Taiwanese leader, namely Li Jou Sou, deputy minister for economic affairs [name and title as received], when he visited Indonesia some time ago.

"Efforts to boost our investment in Indonesia have become our government's commitment to implement

the "Go South" policy. We always give incentives to businessmen who want to invest in southern countries, including Indonesia," Chen said.

The Taiwanese government's measures to boost its overseas investment include sending investment missions to Indonesia. The missions, which consist of businessmen and government officials, are aimed at obtaining information on business prospects between the two countries.

PRC Vice Minister Positive on Trade Ties

BK0908083995 Jakarta SUARA PEMBARUAN in Indonesian 8 Aug 95 p 5

[FBIS Translated Text] Jakarta, 8 Aug — Mrs. Li Guohua, Chinese vice minister for foreign economic relations and trade, said Indonesia has become an important trade partner of China.

The volume of trade between the two countries has increased since the normalization of diplomatic relations in 1990.

Trade has also become more diversified. More trade missions have exchanged visits and more trade fairs have been held in the two countries.

Sukamdani S. Gitosarjono, general chairman of the Indonesian-Chinese Institute for Economic, Social, and Cultural Relations, said this at a dinner reception in Jakarta on Monday evening.

According to him, growing bilateral trade is visible in China's customs statistics. Bilateral trade reached U.S. \$2.64 billion in 1994, an increase of 22.2 percent compared to the previous year.

In the first five months of 1995, trade increased by 46.5 percent, reaching U.S. \$1.95 billion compared to the same period last year.

Sukamdani S. Gitosarjono that added trade grew by an average of 13.45 percent annually during 1990-1994, or from U.S. \$1.48 billion in 1990 to U.S. \$2.69 billion in 1994.

Indonesia's exports to China grew by an average of 10.16 percent annually while its imports from China grew by an average of 17.31 percent annually during the period.

The encouraging development has made for more balanced bilateral trade.

Indonesia's exports to China rose from U.S. \$834.4 million in 1990 to U.S. \$1.32 billion in 1994.

Indonesia's imports from China increased from U.S. \$652.3 million in 1990 to U.S. \$1.36 billion in 1994.

Mrs. Li Guohua attributed China's trade with Indonesia in particular and foreign trade in general to China's open-door policy and reforms that began in the late 1970's. China's imports and exports rose by an average of 16.5 percent annually from 1979 to 1994.

The value of trade increased from U.S. \$24 billion in 1979 to U.S. \$236.7 billion in 1994.

China now ranks 11th in world trade, up from the 32d earlier. China had a foreign exchange reserve of U.S. \$60 billion in 1994. Up to the end of 1994, the Chinese Government had approved 300,000 [figures as published] foreign investment projects worth at U.S. \$95.5 billion.

Mrs. Li admitted there have been problems in economic reforms, particularly with growing inflation.

The Chinese Government will try to reduce economic growth to between 8 and 9 percent in 1995 to create loose businesses [as published], check inflation, and enhance efficiency, quality, and restructure the economy.

China's economy was stable in the first half of this year and tends to achieve its macroeconomic target.

The economy grew by 10 percent in the first half of this year against 11.8 percent in the same period last year, while the economic growth is expected to decrease to 8 percent in accordance with the main objective of China's economic growth plan.

Monthly inflation also decreased in the first half of this year, although the consumer price index [CPI] increased by 16 percent compared to the same period last year. However, the CPI has decreased by 7.2 percent, compared to the end of last December.

Nevertheless, the imports and exports have increased by 29.6 percent over the same period last year. They reached U.S. \$126.4 billion.

Suharto's Daughter on Engaging in Business

BK0708032395 Jakarta FORUM KEADILAN in Indonesian 31 Jul 95 pp 96, 97

["Excerpts" of interview with Mrs. Siti Hardiyanti Rukmana, a daughter of President Suharto, by FORUM KEADILAN correspondent Tony Hasyim in Jakarta — date not given]

[FBIS Translated Text] [Hasyim] More people are talking about the issue of high-ranking officials' children engaging in business. What do you think about it?

[Rukmana] The other day I already gave my views. Now my question is: What is wrong with officials' children engaging in business? I believe it should be allowed as

long as they comply with existing regulations. If they violate the rules, they should be summoned and issued warnings. If their action is liable to punishment, they should be punished. But as long as they do their business well and comply with the regulations, what is wrong with it? These people are also human beings who need to eat and drink. If we are not allowed to do business, does the state have to support us?

[Hasyim] Before you started doing business, did your father give you his permission?

[Rukmana] Not only my father, but also my family. If my husband had said no, I would not have started my business.

[Hasyim] The problem is that businesses belonging to the officials' children are now rapidly expanding.

[Rukmana] What do you mean?

[Hasyim] The businesses are so extensive that they are disproportionate to their original size.

[Rukmana] I believe it is alright as long as they still comply with the regulations and do not use their parents' facilities.

[Hasyim] Do you mean it is not proper to do business in the official sphere of one's father? For example, if the children's father is a governor, they should not do projects belonging to the regional government. Is that what you mean?

[Rukmana] I have no idea about this because I have never examined it closely. As for myself, I do business to finance our social activities. Therefore, it is not for myself, but we forward the funds to the Tiara Indonesia Foundation. Of course, we put aside some for ourselves. Who wants to lose in doing business?

[Hasyim] Where do you learn about business?

[Rukmana] From my own experience.

[Hasyim] Where did you get your first capital?

[Rukmana] I started from scratch. But thanks to our determination and my husband's continued assistance, I could make progress and become successful. After that, I began to get involved in social and charitable activities. I joined Hipmi [Indonesian Junior Businessmen Association] and Indonesian Social Workers Association. My mother also established the Humanitarian Mutual Help Fund Foundation in which I subsequently got involved. I enjoy taking part in these organizations.

[Hasyim] You have received plenty of facilities because you are a daughter of the president.

[Rukmana] It's like this. Let me cite an example: There was a tender bid in Samarinda for the construction of

a power plant. Even though I initially won the tender bid, I lost to Rolls-Royce in the end. But I did not make noises. If I have to lose, so be it. How can you always win in every bid? It all depends on the regulations and conditions. If our conditions do not make it, it does not matter for me.

[Hasyim] When did you start taking loans from commercial banks?

[Rukmana] The first time I borrowed funds from the banks was when we built the expressway linking Cawang and Tanjungpriok in Jakarta. The syndicated banks consisted of Bumi Daya Bank, State Commercial Bank, and Indonesian Development Bank. Before that, I wanted to borrow funds from the Civil Servants Fund, but was rejected. Before this project, I always used any amount of money I had without borrowing from banks.

[Hasyim] I believe no banks dare to reject your loan application.

[Rukmana] Well, even though I am a president's daughter, the bank will reject my loan application if my work performance is not good.

[Hasyim] But you seem to have no problem with bank loans.

[Rukmana] Thank God. I have no problem.

[Hasyim] What happened to the planned acquisition of the Summa Bank? Why was it stalled?

[Rukmana] Well, you must ask this question to [bank manager] Mr. Rinto Harahap. There must be some kind of problem.

[Hasyim] Did you often clash with your younger brothers in business?

[Rukmana] Sometimes we are not aware that we have entered the same line of business. We then discuss the matter and work together.

[Hasyim] Some officials' children who have become businessmen said those who do not make use of existing facilities are stupid. Your opinion?

[Rukmana] You cannot say that. We are indeed allowed to engage in business. My father said: "You may operate your business but don't use my name. You must show your own worth and the public will evaluate your performance. You yourself will later reap the benefits."

[Hasyim] Don't you think it is possible that your name may be used by other people?

[Rukmana] Sometimes, but some people take the trouble to check with me. Those who don't may eventually be cheated.

[Hasyim] When you started the Cawang-Tanjung Priuk expressway project, many people opposed it.

[Rukmana] In fact all people opposed it. A story about it was written in the book entitled: *Demolishing the Pessimistic Culture*. We were seen as inexperienced and incapable of doing it. When we are going to have the experience if we are not given the trust? I went on with the project and succeeded.

[Hasyim] Why don't you concentrate on one main business? Why do you want to enter all sectors?

[Rukmana] It's not that I want to take all sectors. The fact is my colleagues have different backgrounds and disciplines.

[Hasyim] I am sure you have heard all the criticisms about the president's family. Your comment?

[Rukmana] I know and I still hear about it even now. Some people said why the president's children have to engage in business? Why don't they do social work instead? But you know we have our own family and who will support us?

[Hasyim] But all the children are already rich.

[Rukmana] Where does the money come from?

[Hasyim] I believe the government gives its subsidy.

[Rukmana] Just ask the government whether it has a subsidy for the president's children. I know there is no such a thing as subsidy.

Observer Doubts Readiness for Free Trade

BK0908062895 Jakarta KOMPAS in Indonesian
7 Aug 95 pp 1, 11

[Analysis by Economic Observer Kwik Kian Gie: "Consumerism in the Face of AFTA and APEC" — passages in italics published in English]

[FBIS Translated Text] Sultan Hassanah Bolkiah of Brunei Darussalam proposed that the realization of the AFTA [ASEAN Free Trade Area] be accelerated from 2003 from 2000. The response has been generally positive. Many parties have, thus, expected the proposal to be endorsed by members. They say the acceleration is important as a preparatory step toward free trade within APEC [Asia-Pacific Economic Cooperation] in 2020.

Will Indonesia be ready? Despite the optimism, many people have doubted our readiness. Indonesia's economic development has been impressive in terms of growth but not in efficiency and productivity. Indonesia's ICOR (international capital output ratio, a ratio between the amount of investment and the *output* of a certain product) is very high. The country has a high in-

flation rate and huge foreign debts. The country's DSR (debt service ratio, a ratio between the obligation to pay interests and total exports) is high. The rupiah continues to depreciate, while the interest rates are high, and inflation continues to threaten the economy.

If we do a thorough study on our economy, we will find that the basic causes of the negative side of the impressive economic growth are collusion and corruption that have led to monopolies, cartels, monopolistic practices, and *markup*, a raise in the prices of goods, which has in turn caused our economy to become high-cost. It will take a very long time to eliminate or minimize all these symptoms.

Another possible factor is that our people do not have a strong entrepreneurial tradition or culture yet. Entrepreneurship is marked by materialism, dynamism, creativity, innovation, hard work, persistence, determination to go for the best, and comprehensiveness. Is there a large social group with such characteristics in the country?

Accordingly, if free trade becomes a reality and Indonesia is flooded with imports, for which duties are low, will Indonesian products be able to compete with those from other countries at home?

It will seem difficult for Indonesian products to compete with superior quality, lower-priced imports. People, who are *homo economicus* [preceding two words in Latin — economic beings], will always seek the greatest possible benefit for a certain amount of money or seek certain benefits with the smallest possible amount of money. They will accordingly choose cheap and quality products. Based on these factors, I believe we will lose in terms of efficiency, prices, and quality. The Indonesian people will avoid Indonesian products at home if Indonesians are *homo economicus* [preceding two words in Latin] or economic beings.

However, some people say that we must and will be able to create Pancasilaist Indonesians. Pancasilaist Indonesian consumers will, thus, prefer Indonesian products to cheaper and higher quality foreign products. We will use nationalism and patriotism as weapons in the international scene. Although we will lose in terms of material comfort, we will proudly claim that Indonesian products are competitive because we boycott foreign products.

Indeed, we must have national pride, but this can mean pride in the nation's ability to produce goods that are cheap and good quality. Our competitiveness will be attributed to pride in our ability to produce goods that are superior to and cheaper than those from other countries. However, nationalism and patriotism

are currently interpreted as a sense of pride in our own products, despite their inferior quality.

AFTA and APEC are in fact based on an ancient theory on *international comparative advantage* which says that there will be an international division of work if goods and services are free to move anywhere without restrictions. A nation which has the best talent in a certain product will specialize in the product. All human beings will enjoy goods and services that are most efficiently produced by any nation of the world. All people in the world will enjoy the highest possible prosperity because of the availability of goods and services which are optimal in terms of their prices and quality. A boycott of imported goods and services will erase all these benefits and, thus, render the main objectives of AFTA and APEC useless.

If we use a boycott of imports as a weapon, will it be acceptable to AFTA and APEC members or will they do the same thing against Indonesian products? If all people in of the world have the same attitude or, in other words, if they prefer national products despite their inferior quality due to nationalism and patriotism, they will be unable to obtain goods and enjoy the greatest possible benefits from the exploitation of natural and human resources anywhere. One question remains. What will be the use of regional cooperation if its benefits are erased by the power to boycott foreign products, which will be copied by other nations on the basis of reciprocity.

Regardless of the theory, how may we succeed in boycotting foreign products given the consumerism of our people, especially youths, at present? I observe that with the consumerism of our youth, particularly the elite, the objectives of a boycott will be very difficult to achieve. They admire sophisticated foreign products and want to identify themselves with the elite of advanced nations. They imitate the consumerism of advanced foreign nations by buying their expensive products. All their suits are foreign-made or tailored. They drive exclusive cars that are not assembled in Indonesia. They do not use CN-235's, but foreign jets as their private aircraft. Can this consumerism be changed so that they will buy only Indonesian products? When will this happen?

How can we differentiate between Indonesian and imported products as we continue to spur the flow of foreign investments into Indonesia? Can a product wholly made by a foreign investor be called Indonesian? Will we still be Pancasilaist if we choose such products instead of fully national products?

There seems to be no other way to enhance the competitiveness of our nation. It will be impossible

for us to be competitive in all goods and services. Accordingly, we must identify the sectors where we have a relative competitive edge so as to be completely immersed in producing it to earn huge foreign exchange. We must in turn be able to use foreign exchange earnings to finance the unavoidable imports because their goods and services are indeed superior to ours.

Laos

Cambodian Agriculture Ministry Delegation Visits

Minister Leads Delegation

BK0708031495 *Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 5 Aug 95*

[FBIS Translated Text] The Cambodian delegation led by Tav Senghuo, minister of agriculture, wildlife, forestry, and fisheries of the Kingdom of Cambodia, arrived in Vientiane yesterday afternoon for a visit to Laos.

While in Laos from 4 to 7 August, the Cambodian delegation will meet, discuss, and exchange views with the delegation of the Lao Ministry of Agriculture and Forestry aimed at further strengthening the relations and cooperation between the two sides.

The Cambodian delegation also will visit major production establishments and ancient places of the Lao People's Democratic Republic.

Signs Agreements

BK0808103895 *Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 7 Aug 95*

[FBIS Translated Text] His Excellency [H.E] Sisavat Keobounphan, ministry of agriculture and forestry of the Lao People's Democratic Republic [LPDR] and H.E. Tav Senghuo, minister of agriculture, wildlife, forestry, and fisheries of the Kingdom of Cambodia signed a memorandum on their meeting this morning at the Lan Xang Hotel in Vientiane Capital. The two sides agreed upon and acknowledged the quantity of timber imported into the country by the (Dafi) Company and the term of payment the Lao side had reached with the Cambodian Government. Meanwhile, the Cambodian Government will work out the target for timber exports to Laos, for which the Lao side will be obliged to make full payment within one month.

The two sides also agreed to cooperate in the prevention of illegal logging in the areas along the common border of the two countries so as to turn it into the border of friendship, peace, stability, and cooperation in the preservation of the natural environment in the two countries.

The agreement was reached at the meeting between the delegations of the two countries at the Lan Xang Hotel in Vientiane. The meeting was held in an atmosphere of cordiality, friendship, and mutual understanding.

H.E. Tav Senghuo and his delegation returned home this morning after a 4-day friendly official visit to Laos at the invitation of H.E. Somsavat Lengsavat, chairman of the Joint Commission on the Lao-Cambodian Cooperation and foreign minister of the LPDR. The visit was made in compliance with the contents and spirit of the memorandum of the meeting of the Joint Commission signed on 15 July 1995 in Phnom Penh; the memorandum of the meeting of the delegation of LPDR Government led by H.E. Phao Bounnaphon, minister attached to the Prime Minister's Office of the LPDR and delegation of the Government of the Kingdom of Cambodia led by H.E. Nhim Vanda, special envoy of the two prime ministers and co-chairman of the Commission in charge of log exploration and sawn timber control of the Kingdom of Cambodia, which was signed on 9 November 1994; and the memorandum signed on 21 January 1995 between H.E. Sisavat Keobounphan and H.E. Tav Senghuo.

Nation-Wide Cadre Conference Opens

*BK0808112895 Vientiane KPL in English
0908 GMT 8 Aug 95*

[FBIS Transcribed Text] Vientiane, August 8 (KPL) — The first nation-wide conference of cadres was opened at the office of the Lao People's Revolutionary Party Central Committee (LPRP CC) under the chairmanship of Thongsing Thammavong, LPRP CC Politburo member and chief of the LPRP CC Organisation Board.

In his opening address to the conference, Thongsing Thammavong hailed that it was the first historical conference of the party to discuss matters pertaining to cadres and it also came amid the entire party, Army and people were anticipating the 20th National Day of the Lao People's Democratic Republic, December 2, 1975-1995, the 75th anniversary of the late President Kaysone Phomviharn, and the forthcoming sixth congress of the Lao People's Revolutionary Party.

By realising the rapid and complex changes of world situation, the party has pursued a policy of renovation, worked out an economic-socio development plan till the year 2000. The party is proud of the fact that most cadres and party members are convinced in the guidance of the party, support the line of renovation, and enhance their patriotism and affection for the new regime. They are also active in fulfilling their duties and tasks. However, there are some shortcomings. One of them is that our cadres cannot meet the demand of political tasks in the new situation.

The challenges and trials confronting the implementation of the economic-socio development plan from now to the year 2000 and beyond the time are the issue of cadres who will materialise the resolution of the forthcoming sixth party congress, and the targets of socialism laid out by the party. The rank of cadres are still inadequate and their knowledge and skills are constrained.

The conference will review and evaluate the lines on the party organisation, particularly the cadre work laid out by the party at each period, tap out strong and weak points, their causes and lessons in the cadre work, and find solutions to get rid of weak points and problems. The participants will also study, discuss and work out orientation and tasks of the cadre work in each area from now to the year 2000, especially training of cadres on the basis of demand of work in the new period. The issues of the number of cadres and their quality in the immediate future and in the long run will also be brought into discussion in the conference.

The conference was taken part by over 200 representatives of the party committees of ministries, provinces, local services, and representatives of the party-state agencies, mass organisations and enterprises.

Also present at the conference were Khamtai Siphandon, LPRP CC president, LPRP CC Politburo members, and LPRP CC members.

Veteran Recalls Phou Kout Battles, Shootdowns

Views Importance of Battles

*95SE0155A Vientiane PASASON in Lao 31 May 95
p 2*

[Feature Column "Brave Combat Tradition" by Ch. Deuansavan]

[FBIS Translated Excerpt] From a distance Phou Kout appeared to us to be covered with trees and cogon grass, but when we climbed to the summit, we saw the remains of war such as 85 mm recoilless rifle shells piled at intervals and covered with red corrosion. There were still 500 to 1,000 kg bombs lying on the ground. The bomb casings were scattered throughout the area so that it was impossible to count them. Comrade Yoi and Comrade Theuang, former combatants on Phou Kout, warned our group not to leave the path because there were still explosive shells and bombs lying throughout the area.

Although 20 years had passed, Phou Kout was still a symbol by which to remember this fierce war for Lao revolutionary combatants and especially for Comrade Yoi and Comrade Theuang who experienced it on the battlefield of Phou Kout from 1964 to 1968.

Comrade Yoi was a former field surgeon on the Phou Kout battlefield. Comrade Theuang had been an infantry soldier in company 1 defending Phou Kout. Although they were retired from the military and living on pensions, nevertheless they could still remember well all the scenes and events of the past. They were members of the Brao ethnic minority and had been born in Dakcheung in Saravane Province. [passage omitted]

Before we went to the summit of Phou Kout Mountain, our group of writers were the guests of District Leader Khamseng. He said that:

"Tomorrow morning we will climb up. Tonight we will relax, eat, drink and enjoy ourselves." [passage omitted]

The district head was a good talker. He was not an administrative cadre but a former officer. He had just been appointed district leader after the establishment of a new district called "Phou Kout District".

The next morning a Mitsubishi Pajero took us up Phou Kout Mountain. The road was very high up so that sometimes all in the vehicle were afraid when they looked down from high precipices. Phou Kout was situated on the right bank of the Ngeum River toward the southwest. It was 30 km from the town of Phonsavan and about 7 km from the district office of Phou Kout District. Along the road our group had to get out of the vehicle in many places because rotten pine trees had fallen on the road. [passage omitted]

During the war whichever side controlled Phou Kout had a military advantage in defending the Plain of Jars and highway 7. Phou Kout was like the gateway to the Plain of Jars and Xieng Khouang. If Phou Kout was lost, it was like losing the Plain of Jars, Xieng Khouang and highway 7. Therefore during the war Phou Kout became a bloody battlefield between the two sides. The Lao People's Liberation Army [LPLA] fought to defend Phou Kout from 1964 until the liberation of the entire country in 1975. But during this period of struggle there were many occasions when the enemy was able to seize Phou Kout. But they were not able to hold it for 24 hours once except in the redeem honor battle from 1969 to 1970 when the enemy was able to seize it for a period. But then the LPLA was able to take it back.

From 1965 to 1969 Phou Kout was no different from a volcano, which was exploding and spewing lava. Every day and every hour both day and night

Discusses Comrades in Battle

95SE0155A Vientiane PASASON in Lao 1 June 95 p 2

[Feature Column "Brave Combat Tradition" by Ch. Deuansavan]

[FBIS Translated Excerpt] The other side used not only T-28, AD-5, and AD-6 aircraft, and F-105 and F-4 fighters but also used 155mm, 105mm and 120mm artillery fired from Meuang Soui and from Thai military camps in the West. Every time that there was a bombardment from the air and ground, the enemy soldiers would attack in the West hoping to seize Phou Kout. But each time there was an attack by the right-wing and Thai infantry, the liberation combatants fought back to their utmost ability and were able to drive them off and shatter them.

Ages ago when there was no conflict, Phou Kout was a forested mountain and very overgrown. Villagers have indicated that in olden times these mountains were covered with giant ferns but that then these ferns died out. From being forested in the past Phou Kout became a mountain of red earth where there were no trees or grass left, just craters which dug away the mountain and were up to 7 meters deep.

To prevent Phou Kout from falling to the enemy, the liberation cadres dug a tunnel into the mountain up to the summit. When the enemy attacked with aircraft and artillery, our combatants all went down and sang and enjoyed themselves below in the tunnel which was more than 10 meters deep. When the enemy attacked with infantry, all our combatants came out and fought bayonet to bayonet. When the enemy fled, our combatants beat on pots and sang and danced.

During this period of defending Phou Kout which lasted 8 to 10 years, even though the liberation soldiers destroyed many battalions of the enemy and shot down many of their planes, nevertheless there were few losses to the revolutionary side.

There was anger in the hearts of those who were still alive. Comrade Theuang and the brave combatants who were still alive fought hand to hand with the enemy with no concern for their lives. Comrade Theuang himself fired 15 consecutive rounds from a B-40 at the enemy. When the battlefield was quiet again, both his ears were bleeding, and since then he has been completely deaf in both ears. [passage omitted]

After he had finished talking, Comrade Theuang took me and my group to the middle of the mountain to see the mouth of the cave they had dug into the mountain. At first I thought it was just a mountain of red earth. When we went into the tunnel, it was so broad and high

that we could go straight in without stooping. When we were inside we had to turn on our flashlights because it was very dark. The passageway in was smooth and clean - it was a stone tunnel. It looked like a grotto. [passage omitted]

Then I understood why the enemy aircraft and artillery bombarded day and night, and how our combatants could be secure in fighting their aircraft.

During this fierce war the bodies of all our combatants smelled bad because there was no time to go to a stream bank, and every place we could go to was dangerous. It reached the point where there was no water for cooking to say nothing of bathing or drinking because the bombs and artillery of the enemy rained down 24 hours a day, and the night sky was always lit by flares. The distance from the summit to a stream was over 1 km. In addition to using aircraft and artillery, the enemy sometimes sent commandos to ambush us. [passage omitted]

You could not say we really ate. If we ate boiled rice and canned fish from China or Korea, we thought it was very good. Generally we ate dry rice and salt. But when the enemy attacked all combatants fought the enemy in a life or death struggle. [passage omitted]

Thailand

Visits 'Quell' Doubts About Banhan Diplomacy

BK1008053195 Bangkok THE NATION in English
10 Aug 95 p A6

[FBIS Transcribed Text] Under normal circumstances a visit by foreign envoys on the new head of government would be considered simply protocol, but yesterday's call on Prime Minister Banhan Sinlapa-acha by four ambassadors was seen as a bid to quell any doubts about Thailand's diplomatic relations.

Outgoing United States Ambassador David Lambertson was the first to reassure Banhan of U.S. support for the new administration. He said he told Banhan relations between the two countries are very good and expected it to remain that way.

"I stressed to him that our government very much looks forward to working with the new government of Prime Minister Banhan and we expect continued progress across the board," he said.

Lambertson, who also presented "a very warm, congratulatory letter" from President Bill Clinton, reiterated to reporters that the U.S. government has the highest respect for the prime minister and looks forward to working with him.

Last week, Lambertson met opposition leader Chuan Likphai and presented another letter from Clinton, praising Chuan for his work during his time as premier.

Japanese Ambassador Takashi Onda also confirmed his government's friendship with Banhan and extended its cooperation in future relations.

He said Japan considers Thailand a partner and Prime Minister Tomiichi Murayama desires cooperation and a good working relationship with Banhan.

Because Japan will host the Third Asia Pacific Economic Cooperation [APEC] forum this November, he said Murayama looked forward to meeting Banhan in Osaka.

In the meantime, Deputy Prime Minister Yohi Kono and the Japanese foreign minister will meet Banhan on Aug 22 to exchange views that will steer APEC towards success, he said.

Australian Ambassador Calvin Hogue, whose government claims to be very much a part of "the Eastern Hemisphere" region, said he discussed with Banhan how both countries could work together as friends and partners to their mutual benefit and that of the region as a whole.

To affirm his country's support, Hogue said Banhan has an open invitation to visit Australia.

However, he said it is standard for the Thai prime minister to visit his ASEAN neighbours first.

"We made it clear that when it's convenient, he is welcome," Hogue told reporters.

French Ambassador Jacques Rummelhardt is said to have told Banhan that President Jacques Chirac will attend the Asia-Europe heads of state meeting Thailand is hosting early next year.

He said the meeting, the first of its kind, is expected to be a historic event.

Rummelhardt, who came to bid farewell to Banhan because he leaves Thailand next week, discussed French-Thai relations from a historical perspective.

"We spoke about the past, the present and the future," he said. He said French investment in Thailand is on the increase in various sectors.

"Twenty years ago there were 20 French investments in Thailand. Two years ago, 250. Today, more than 300."

He said French companies in Thailand are represented by subsidiaries located in Singapore, the Netherlands and Switzerland, so there may in fact be more French investment in Thailand than commonly thought.

The French envoy said the relationship between French and Thai companies is well established and is expected to improve to the level where the two can work together on a partnership basis.

Rummelhardt reportedly expressed his appreciation for Thailand's treatment of French citizens living in the country.

Banhan Views U.S. Envoy Visit

BK1008054895 Bangkok *THE NATION* in English
10 Aug 95 p A1

[FBIS Transcribed Excerpt] Prime Minister Banhan Sinlapa-acha yesterday invited U.S. President Bill Clinton and First Lady Hilary to visit Thailand.

"I extended a verbal invitation through U.S. Ambassador to Thailand David Lambertson for U.S. President Bill Clinton and his wife to visit Thailand," Banhan told a news conference. "Lambertson promised to raise the invitation with the U.S. First Couple."

A visit by Clinton would be the first by a U.S. president in over 20 years.

In a farewell courtesy call on Banhan yesterday, Lambertson presented a letter of congratulation to the new prime minister from President Clinton.

Earlier, Lambertson, whose term as ambassador is about to expire, visited opposition leader Chuan Likphai, an event that reportedly was not well-received by the Banhan administration. [passage omitted]

Mae Sai Border Crossing Closed by SLORC

BK1008064895 Bangkok *THE NATION* in English
10 Aug 95 p A3

[FBIS Transcribed Text] Mae Sai — The Burmese junta on Tuesday ordered the abrupt closure of five temporary border checkpoints between Tachilek and Thailand's Mae Sai District, and threatened a six-month jail term for anyone caught illegally crossing into Thailand.

Thai merchants and the Mae Sai Chamber of Gem Traders said the closure will badly affect the town's already poor economy. It relies on border trade and local tourism.

Chamber president Phichai Khongsicharoen said he did not know why the ruling State Law and Order Restoration Council [SLORC] had closed the checkpoints, which were opened last month by Chiang Rai officials to facilitate trade and tourism.

He said SLORC had threatened to jail people who illegally crossed the border for six months without bail or visitation rights.

The closure was made without warning. Phichai said Mae Sai's whole economy was damaged when SLORC closed the official Tachilek-Mae Sai crossing early this year, after a dawn raid on Tachilek by opium warlord Khun Sa's Mong Tai Army.

Cambodian Troops Ready for New Border Offensive

BK1008055095 Bangkok *BANGKOK POST*
in English 10 Aug 95 p 8

[FBIS Transcribed Text] Nam Yun, Ubon Ratchathani — Several hundred Phnom Penh troops were spotted on a mountainous terrain about one kilometre east of Khmer Rouge-controlled An Ma Pass with three T-55 tanks in position for a new military assault, an Army source disclosed yesterday.

The source said the Thai Sixth Regiment's forward outpost unit based near An Ma Pass spotted about 500 Cambodian government soldiers in the east of the pass moving in the direction of the Khmer Rouge-controlled area.

"It is quite certain that a new round of fighting would be more ferocious than the last fighting which lasted only a few days. Considering the number of Cambodian soldiers seen by our forces, it seems that they are strongly determined to retake the pass from the Khmer Rouge," said the source.

The source said the Cambodian forces were told by Thai rangers during the unexpected encounter at the forward outpost not to violate Thai sovereignty during the new offensive.

Italian Minister Discusses Asian-European Summit

BK0808044695 Bangkok *BANGKOK POST*
in English 8 Aug 95 p 3

[FBIS Transcribed Text] Thailand has given its full support for economics to top the agenda of the first ever summit of Asian and European leaders in Bangkok next April but the Europeans prefer politics, a Foreign Ministry spokesman said.

Mr. Suwit Simasakun told reporters that Foreign Minister M.R. Kasemsamoson Kasemsi yesterday held talks with visiting Italian Deputy Foreign Minister Emanuele Seammacca during which he spoke of Thailand's position.

Italy will co-chair the Asia-Europe Meeting with Indonesia. The summit will bring together the 15 members of the European Union, the seven members of the Association of Southeast Asian Nations, plus China, South Korea and Japan.

Mr. Suwit said the emphasis on economics was in line with the policy of the Banhan Sinlapa-acha government to expand economic ties with all countries.

Mr. Seammacca, who was speaking on behalf of the EU, said politics should top the agenda.

He had pushed the same line during talks with Singapore Foreign Minister S. Jayakumar in the island republic, prior to coming to Bangkok.

Relations between ASEAN and the EU have traditionally been based on an interest to secure markets.

M.R. Kasemsamoson said a new dimension of relations should be developed based on technology transfer and investment.

An agenda is being drawn up by senior officials of both ASEAN and the EU and the two sides are expected to discuss a wide range of issues.

Speaking on the issue at the just concluded annual meeting of the ASEAN foreign minister, an ASEAN diplomat said Thailand had failed to persuade the EU to consider establishing a free trade area in the two continents at a meeting of ASEAN and EU senior officials on August 2 in Brunei.

Thailand will continue to raise the issue in future meetings held to prepare for the summit, the diplomat said.

Opposition on Government's Political Reform Drive

BK0908060995 Bangkok THE NATION in English
9 Aug 95 pp A1, A3

[FBIS Transcribed Text] The opposition parties appeared yesterday to hold the key to the future of the government's ambiguous attempt to jump-start political reform, as they vowed not to join a newly-formed committee unless the administration displayed firmer commitment.

After the government formally set up the committee to work out a reform package, the opposition parties immediately questioned its objective and demanded that the administration prove that the panel was not part of efforts to "buy time".

The 35-member panel, chaired by the prime minister's brother, Chumphon Sinlapa-acha, was assigned to study how to implement political reform. It includes two members of the Confederation for Democracy and the four opposition parties were invited to name one representative each.

The opposition said the scope of the panel's responsibility was not clearly stated, neither was it clear how the new committee would make decisions. Seniority of

panel members was not fixed either, according to the opposition.

The opposition parties said they would hold a discussion today before making a common decision on whether to join the "Political Reform" Committee.

The Prime Minister's order setting up the committee stated that the panel was empowered to draw up a plan to develop politics in line with the government's platform. Proposals would be forwarded to the Cabinet which would decide whether to put them before Parliament.

The order said the committee would consider amending Article 211 of the Constitution "by taking the proposals of the Democracy Development Committee [DDC] and other pro-democracy organizations into account". The DDC, formed during the political crisis last year sparked by activist Chalot Worachit's hunger strike, proposed amending Article 211 to pave the way for the setting up of an exclusive panel to draft a new charter.

Democrat leader Chuan Likphai, who officially became opposition leader yesterday, said the opposition would "cooperate" after the government has clarified the objective and responsibility of the Political Reform Committee.

He and Democrat spokesman Aphisit Wetchachiwa shrugged off an observation that the fact that the Political Reform Committee comprises anti-Democrat activists was dooming hopes of a smooth Cooperation from the start.

Chumphon appeared at a meeting of opposition whips yesterday to lobby for their cooperation in the new committee. But he faced a tough grilling and was asked to ensure that "history will not repeat itself".

During the Chuan government, Chumphon led a parliamentary committee which drafted a major constitutional amendment package. While the Chuan coalition gave the Chumphon committee strong support, his then opposition colleagues collaborated with conservative senators in shooting down most major proposals.

"I don't want to talk about the past," Chumphon told the opposition whips yesterday. "I just want to look ahead and move as fast as we can."

But when asked if he really believed Thailand would achieve an effective reform through his new committee, Chumphon said: "I don't think anybody can answer that question."

Chumphon pledged that his new panel could engage the public in its work.

Ekkaphap Phonsu, an MP of the Seritham Party, questioned the composition of the new panel, noting that while DDC chairman Prawet Wasi was not named as a member, the government embraced leaders of the Confederation for Democracy who are rivals of the Democrat Party.

"If the government wants a real representative of the people, why didn't it choose Dr Prawet instead of those activists who will clash with the Democrat Party," said Ekkaphap.

He also asked how the government-dominated panel would make decisions. "If they have to vote to make a decision, the opposition will always lose," he said.

Suwat Liptaphanlop, secretary-general of the Chat Phatthana Party, said the opposition parties would join the reform drive if the government could prove it was not just buying time.

"The government must show that it is sincere and not trying just to buy time," he said.

Opposition's Stand Noted

BK1008053995 Bangkok BANGKOK POST
in English 10 Aug 95 p 1

[FBIS Transcribed Text] The Opposition yesterday toughened its stand by refusing to act as a "tool" for the Government's reform proposals.

Opposition parties rebuffed the Government's bid to include them in its 35-member panel to prepare guidelines and a framework for political reform.

They say it is solely the Government's responsibility to carry out the promise it stated in its election policy

The panel's representatives will be drawn from many sectors such as the news media, academics and politicians, including senators, and will not adhere to all restrictions suggested by the Democracy Development Committee chaired by Dr Prawet Wasi.

Panel chairman Chumphon Sinlapa-acha said the Opposition would be invited to have one representative from each party on his team.

But Opposition and Democrat Party leader Chuan Likphai said the Government-proposed panel was aimed at fulfilling the coalition's policy and had nothing to do with the Opposition.

"We (Government and Opposition MPs) have different roles to play. The Government has to carry out the work that is its direct responsibility. If it is Parliament's task we have to carry it out jointly," he said.

Democrat MP for Phang-nga Churin Laksanawisit said the setting up of the panel was merely aimed at serving the Government.

He said the Government should study the issue first and, when it finalised its ideas, the Opposition could provide an opinion.

After reading the Government's statement on the setting up of the panel, the Opposition agreed the coalition should handle the matter itself, he said.

"We see that the essence of this newly appointed panel is to come up with a clear guideline on Article 211 (which governs how the constitution can be amended) — a promise the Government made.

"That is why its committee was established in the first place.

"Therefore we take that as an internal effort to be carried out by the Government," Mr Churin said.

The committee could still carry out its work without the Opposition, which did not intend to trouble the Government on the issue, he said.

The Opposition favoured a motion for the establishment of a special committee to prepare a political development plan.

He said the Opposition saw two compelling problems that needed to be dealt with: widespread vote-buying and the lack of an effective system to make politicians accountable.

"It's not that we intend to be a trouble-maker; we simply have our own opinion.

"It's a good thing the Government set up the panel, but that responsibility they must bear themselves," Mr Churin said.

Chat Phatthana deputy leader Prachuap Chaiyasan said the Opposition would take part in the committee only when it was established by Parliament and not by the Government.

The setting up of the committee by the Prime Minister was improper since the Cabinet as the administrative branch should not interfere in such an issue, he claimed.

Mr Prachuap said the Government should continue with its plan as the committee had been set up. The Opposition would continue with its plan, which would ensure its members all worked in the same direction.

Minister Phokhin Phonlakun of the Prime Minister's Office said all groups should work together to support political reform since the Government's intention on the issue was genuine.

It was impossible the setting up of a committee would please everybody.

Seritham deputy leader and Opposition whip Phinit Charusombat said it was unclear why the Opposition was asked to join the committee as the panel's major responsibility was to put Government policy into effect.

It was the Government's task as it made reform an election promise.

Cabinet Approves Enterprise Labor Ties Bill

BK0908091795 Bangkok Radio Thailand Network in English 0000 GMT 9 Aug 95

[FBIS Transcribed Text] The cabinet during its meeting yesterday approved the draft bill on state enterprise labor relations as proposed by the Ministry of Labor and Social Welfare. The draft bill calls for the formation of the State Enterprise Labor Relations Committee, replacing the State Enterprise Relations Committee. The new committee comprises five representatives each from the government, employers, and the employees. Another five qualified persons will be appointed as advisers to the committee but will have no rights to vote in any meeting of the committee.

The State Enterprise Labor Relations Committee is empowered to handle labor disputes. The draft bill allows not less than 10 state enterprise labor unions to form a state enterprise labor federation. The federation can also become a member of the private sector labor union congress. Each state enterprise is allowed to have only one labor union.

Analysts Discuss Rising Inflation, Controls

BK0808092195 Bangkok BUSINESS DAY in English 8 Aug 95 p 3

[FBIS Transcribed Text] The rate of inflation and the growing current account deficit are destined to preoccupy the financial community as analysts anxiously await Government policy toward the two scourges of Thailand's economic development.

Unofficial reports put July's inflation rate at 5.8 percent over July 1994.

Thanya Siriweithin, director of the department of economic research at the Bank of Thailand, said that the reported rate may be a little on the high side.

"I wouldn't be unduly surprised if it is 5.7 (percent)," Ms Thanya said.

The surge in the value of the yen and higher-than-expected food prices, Ms Thanya said, were the main contributors to the inflationary surge.

"As the yen has appreciated the price of imports has risen," said Ms Thanya. "There will probably not be that kind of pressure in the second half of the year as the yen will probably be slightly weaker."

Whether the official inflation figure is closer to 5.7 or 5.8 percent, it is above the central bank's goal of 5 percent inflation for the whole of the year.

"It will probably be a bit more difficult to reach," said Ms Thanya, in reference to the Bank of Thailand's 1995 inflation target.

Gerard Kruithof, research manager at Peregrine Nithi Finance & Securities, said the Bank of Thailand's 5 percent inflation goal looked increasingly unlikely.

"To achieve the central bank's goal, the month-on-month average increase would have to be no more than 0.1 percent," said Mr Kruithof.

"In the first seven months of 1995, inflation has risen on a compound monthly average by 0.65 percent. Given that non-food inflation is picking up, food prices would have to come down considerably to reach the (5 percent inflation) target, which is difficult to achieve I think," Mr Kruithof added.

Inflation for the year is likely to be closer to 5.5 percent, Mr Kruithof believes, than 5 percent.

Sriyan Pietersz, the strategist at Capital Nomura Securities, believes food prices will drop in the second half of the year, moderating inflation growth.

But any fall in food prices, Mr Pietersz said, would likely be offset by a surge in non-food prices.

Wages in Bangkok have risen 7.4 percent since 1994 with the 10-baht rise of the city's daily minimum wage earlier this year to 135 baht per day.

Moreover, Mr Pietersz added, Thailand's producer price index has leapt 22.5 percent in the year to date, although producer prices have only risen 2.4 percent during the same period.

"Producers are holding back on price increases," said Mr Pietersz. "But there will be a large adjustment in the number of producers lining up (in the second half of 1995) and asking for price increases."

Mr Pietersz said the central bank's goal of keeping inflation capped at 5 percent would be difficult as budget disbursement at the end of July was 56 percent of total budget allocation.

"That leaves 150 billion baht still to be disbursed," said Mr Pietersz, who added that around 84 percent of the budget was usually spent with the rest held over for the next fiscal year.

"Balanced budget or not that's still a lot of liquidity to put out," Mr Pietersz said. The resulting growth in money supply could add further to the economy's inflationary pressure, he believes.

"It requires a reasonably concentrated effort by the Finance Ministry and the Bank of Thailand," said Mr Pietersz, in reference to meeting the central bank's goal of 5 percent inflation. "Are they working at cross purposes or not?"

Mr Pietersz believes the central bank and the Government are at loggerheads over efforts by the Government to increase fiscal outlays which jeopardizes the Bank of Thailand's goal to keep a lid on liquidity to prevent further inflationary pressure.

Peregrine's Mr Kruithof agrees.

"An increase in spending goes right against the BOT (Bank of Thailand)," said Mr Kruithof. "It would add to the perception the Government and the BOT are no longer acting together."

George Morgan, country manager at HG Investment Research in Thailand, said fears the Government and the central bank were no longer co-ordinating monetary and fiscal policy were overplayed.

"The indications are the new Finance Minister (Surakiat Sathianthai) will rely more heavily on the Bank of Thailand for advice as he doesn't come from the financial community," said Mr Morgan. Dr Surakiat was dean of Chulalongkorn University's law faculty until he was appointed Finance Minister.

"Any expansionary tack of fiscal policy will likely be watered down in budget debates," said Mr Morgan, who added the next rise in fiscal outlay is likely to be felt in the next fiscal year beginning in October.

Unlike the inflation battle, Dr Surakiat may find himself like his predecessors, unable to halt the inexorable rise in Thailand's current account deficit.

In 1993 the central bank said the current account deficit was 183.18 billion baht. The Bank of Thailand has not yet released balance of payments figures for 1994.

This year the central bank's goal is to cap the current account deficit at 257 billion baht, a little over 6 percent of Thailand's Gross Domestic Product (GDP).

"Most countries do not like to see the current account deficit above 4 to 5 percent of GDP," said the central bank's Ms Thanya. "It means you have to rely on foreign funds for your investment needs ... you're thus more vulnerable to any disturbances that will happen overseas."

Capital Nomura's Mr Pietersz believes the current account deficit, which he estimates at 6.3 percent, is "not that much of a concern".

The interest rate differential between the U.S. and Thailand, around 5 percent on one-year cash deposits in Thailand's favor, will continue to attract foreign capital into Thailand, Mr Pietersz said.

Mr Kruithof believes the current account deficit has continued to widen as Thailand's surplus in services, mainly through foreign tourist arrivals, has been depleted as Thai citizens take advantage of their higher disposable income to travel abroad.

Officials Note Intellectual Property Law Reform

*BK1008091995 Bangkok KRUNGTHAP THURAKIT
in Thai 10 Aug 95 p 11*

[FBIS Translated Text] According to Deputy Commerce Minister Montri Damphaibun, Deputy Prime Minister Amnuai Wirawan has discussed with U.S. officials the U.S. trade representative's announcement on restoring the General System of Preferences (GSP) for 11 of 16 Thai products. The United States said it has not restored GSP for the remaining five Thai products because it wanted Thailand to take more action on protection of intellectual property. Amnuai asked the United States to restore GSP for the remaining five products. Relevant Thai units are working on amendment of the intellectual property law as requested by the United States.

Meanwhile, Suchat Chaowisit, director general of the Intellectual Property Department, said it is within the right of the United States not to restore GSP for the five Thai products. However, Thailand has tried to fulfill its commitment to amend the intellectual property law in compliance with the GATT in order to advance Thailand toward becoming the trade center of Southeast Asia. The draft amendment is now being studied by the subcommittee on patent commitments before being submitted to the cabinet for consideration.

Suchat said the government will have to quickly amend the intellectual property law involving copyright, patents, as well as trade marks in order to attract more foreign investment and modern technology. Failure to provide intellectual property protection could divert foreign investors to Vietnam, which already reformed its intellectual property law. Thailand will have to compete against China, Vietnam, and other ASEAN countries in the future.

Vietnam

President Le Duc Anh on Official Cambodia Visit

Accompanied by Ministers

BK0808065595 Hanoi VNA in English
0637 GMT 8 Aug 95

[FBIS Transcribed Text] Hanoi VNA August 8 — State President Le Duc Anh and his wife left here this morning for an official visit to Cambodia as guest of King Norodom Sihanouk. President Anh is accompanied by Foreign Minister Nguyen Manh Cam, Head of the President's Office Nguyen Viet Dzong, Minister of Culture and Information Tran Hoan, Minister of Agriculture and Food Industry Nguyen Cong Tan, Minister of Education and Training Tran Hong Quan, Deputy Minister of Trade Truong Dinh Tuyen, and Vietnamese Ambassador to Cambodia Tran Huy Chuong.

Welcomed by Cambodia's King

BK0808090995 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 8 Aug 95

[FBIS Translated Text] President Le Duc Anh and his wife arrived in Phnom Penh at 0800 this morning to begin an official friendship visit to Cambodia at the invitation of Cambodian King Norodom Sihanouk Varaman.

King Norodom Sihanouk Varaman and his wife were on hand to welcome the Vietnamese president on the airport tarmac where the official welcome ceremony was held. Cambodian children in traditional costumes presented fresh bouquets of flowers to President Le Duc Anh and his wife — the Cambodian people's symbol of friendship and hospitality. A Cambodian military band and honor guard lined up at the airport to welcome the Vietnamese president. After the playing of anthems, King Norodom Sihanouk Varaman and Princess Monique invited President Le Duc Anh and his wife to the Government Guest House at the Chamka Mon Palace.

At 1130, President Le Duc Anh and his wife paid a courtesy call on King Norodom Sihanouk Varaman at the palace. Afterward, President Le Duc Anh and his entourage attended wreath laying ceremonies at the Independence and Vietnam-Cambodia Friendship Monuments.

Many strata of Cambodian people and students waving Vietnamese and Cambodian flags lined the route from Pochentong Airport to the Chamka Mon Palace to welcome President Le Duc Anh and his wife on their official friendship visit to Cambodia.

Talks With King Sihanouk

BK0808135095 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 8 Aug 95

[FBIS Translated Text] On the morning of 8 August, President Le Duc Anh held talks with King Norodom Sihanouk of Cambodia at the Cambodian Royal Palace in Phnom Penh. President Le Duc Anh sincerely thanked King Sihanouk and Princess Monique for the warm welcome and hospitality extended to him and his entourage. He conveyed the kind regards and best wishes of party General Secretary Do Muoi, party adviser Pham Van Dong, and other party and state leaders to King Sihanouk and Princess Monique.

President Le Duc Anh expressed his delight at seeing the development in the socioeconomic situation, the improvement in the people's daily life, and the expansion of Cambodia's international relations. The President hailed Cambodia's foreign policy of peace, independence, neutrality, nonalignment, and befriending all nations, especially the neighboring countries. He welcomed Cambodia's efforts to integrate into the regional and world community.

President Le Duc Anh expressed sincere gratitude to King Norodom Sihanouk and the Cambodian people for their profound sentiments and assistance extended to the Vietnamese people.

King Norodom Sihanouk warmly welcomed President Le Duc Anh, his wife, and the Vietnamese delegation on their official friendship visit to Cambodia, saying this visit was a highly significant event contributing to accelerating mutual understanding and promoting the close neighboring relations between the two nations and peoples.

King Norodom Sihanouk sincerely thanked the Vietnamese Government and people for their support and assistance given to the peace process in Cambodia and to the Cambodian people in their struggle for national independence and unification in the past as well as in their current national construction.

In the talks, both sides expressed satisfaction with the fine development of bilateral relations. They asserted their determination to consolidate and strengthen the existing traditional friendship and neighboring cooperation between the two nations on the basis of respect for each other's independence, sovereignty, and territorial integrity; and noninterference in each other's internal affairs. Both sides pledged to refrain from using force or threatening to use force while resolving all issues related to the two nations through peaceful negotiations on the basis of equality, cooperation for mutual interest, and promoting peaceful coexistence for the cause of

peace, stability, cooperation, and prosperity in Southeast Asia and the rest of the world.

Both sides noted with satisfaction the recent developments in the Asia-Pacific region and highly appraised Vietnam's full membership to ASEAN and Cambodia becoming an observer of this association.

On this occasion, President Le Duc Anh reiterated an invitation to King Norodom Sihanouk and Princess Monique to pay an official friendship visit to Vietnam. The Cambodian King accepted the invitation with pleasure. The date of the visit will be arranged through diplomatic channels.

Meets With Cambodian Leaders

*BK0908085895 Hanoi VNA in English
1534 GMT 8 Aug 95*

[FBIS Transcribed Text] Hanoi VNA August 8 — President Le Duc Anh received in Phnom Penh this afternoon on separate occasions National Assembly [NA] President Chea Sim and First Prime Minister Norodom Ranariddh and Second Prime Minister Hun Sen.

NA President Chea Sim warmly welcomed President Le Duc Anh's visit as contribution to the enhancement of the solidarity, friendship and multifaceted cooperation between the two nations. On behalf of the Cambodian People's Party, President Chea Sim expressed his gratitude to the communist party, the government and the people of Vietnam for their [word indistinct] support and assistance to the Cambodian people in their resurrection in the past as well as in the construction of peace, reconciliation and national integration in Cambodia at present. He expressed his pleasure at the achievements recorded by the Vietnamese people in many fields, and stressed that the communist party, the government and the people of Vietnam are brothers and close friends of the Cambodian people forever.

For his part, President Anh expressed his satisfaction at the further development of the relations between the two states, national assemblies and peoples. He said that the meetings between officials of the two countries helped to strengthen their mutual understanding, cooperation and assistance. He also expressed his belief that Vietnam-Cambodia relationship built on firm principles would be further enhanced and expanded in the interest of each country and for peace, stability, cooperation and prosperity in Southeast Asia.

On this occasion, President Anh asked President Chea Sim to convey Vietnamese people's sincere thanks to the Cambodian people, and wished them more new

achievements in the construction of a peaceful, independent, neutral, non-aligned and prosperous Cambodia.

During meeting with President Anh, first prime minister Norodom Ranariddh and Second Prime Minister Hun Sen expressed their confidence that the president visit has a historic significance, thus contributing to the promotion of the friendship and cooperation between Vietnam and Cambodia. The two prime ministers considered Vietnam's achievements in its renovation process as a source of encouragement to the Cambodian people in their national construction.

President Anh said he was happy at the important achievements recorded by the Cambodian people under the leadership of King Sihanouk and the royal government on the path of peace, national reconciliation and prosperity.

The Vietnamese leader welcomed Cambodia's admission to ASEAN as observer, and he said he believed that new cooperative ties between the two countries would be developed.

Sihanouk Hosts Banquet

*BK0908084495 Hanoi VNA in English
1534 GMT 8 Aug 95*

[FBIS Transcribed Text] Hanoi VNA Aug.8 - King and queen Sihanouk gave a banquet this evening in honor of President Le Duc Anh, his wife and their entourage who arrived in Phnom Penh this morning for an official friendship visit to Cambodia.

Prominent among those present at the function were Cambodian National Assembly President Chea Sim, First Prime Minister Norodom Ranariddh, Second Prime Minister Hun Sen and other senior officials and members of the royal family.

King Sihanouk and President Anh delivered speeches at the banquet.

Addresses Banquet

*BK0908121395 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 8 Aug 95*

[Speech by SRV President Le Duc Anh during a state banquet hosted by Cambodian King Sihanouk at the Royal Palace in Phnom Penh on 8 August — read by announcer]

[FBIS Translated Text] Your Majesties the King and Queen, leaders of the Kingdom of Cambodia, ladies and gentlemen:

First, my wife and I would like to thank the king and queen for your invitation to pay an official friendship

visit to Cambodia, the home of the glorious Angkor civilization and a close and friendly neighbor of Vietnam. We are deeply moved by the warm, friendly, and brotherly reception the king and the queen and other leaders and the Cambodian people have accorded us and our delegation.

I would also like to express my sincere thanks for the king's fine words about Vietnam and its people as well as the traditional friendly relations and fine neighborly cooperation between our countries. The Vietnamese and Cambodian peoples have long shared profound understanding and sincere assistance in their struggles for national independence and national construction. The Vietnamese people highly regard the king's consistent policy, continual efforts, and valuable contributions with fine sentiments in the consolidation of traditional relations between the two countries and peoples. The Vietnamese people will forever remember and treasure these profound sentiments and the valuable assistance from the king and the Cambodian people.

Now and before, Vietnam highly values and gives high priority to the protection and nurturing of the fine neighborly and friendly relations with the Kingdom of Cambodia based on the principles of mutual respect for independence, sovereignty, and territorial integrity; noninterference in each other's internal affairs; solving all bilateral issues through negotiation; equity; mutually beneficial cooperation; and peaceful coexistence.

We deeply understand that the fine development of Vietnam-Cambodia relations not only responds to the hearty aspirations and essential interests of our countries, but is also in accordance with the trend of peace, stability, cooperation, and development in Southeast Asia.

Ladies and gentlemen, we are very delighted at the honor of visiting the Kingdom of Cambodia at a time when, under the enlightened leadership of the king and the Government of the Kingdom of Cambodia, the Kingdom is reaping many successes in the process of consolidating peace, practicing national reconciliation, and building a prosperous country and happy people.

We firmly believe that with these important achievements, the industrious and creative Cambodian people will enjoy more favorable conditions to build successfully a peaceful, independent, neutral, nonaligned, and prosperous Cambodia that has friendly relations with all countries. These is not only the aspiration of the Cambodian people, but also the sincere wish of the Vietnamese people in particular and the world community in general.

Sihanouk Addresses Banquet

BK0908094195 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 8 Aug 95

[Speech by Cambodian King Norodom Sihanouk during a state banquet held at the Royal Palace in Phnom Penh on 8 August — read by announcer]

[FBIS Translated Text] Dear Your Excellency the State President: The Cambodian people, youths, National Assembly, Government, queen, and I are very happy and proud to receive you today on this official and historic visit. We would like to convey our deepest and very dear appreciation to your excellency the state president, your wife, and the high-level SRV delegation.

The time-honored and fraternal friendship that links our two countries for the noble and vital benefit of the peoples of the two countries is an essential factor for stability, peace, and prosperity in this entire region — where our two countries are permanently located side by side. This proves that your important official friendship visit will contribute greatly to the beneficial strengthening of friendly relations, fraternal ties, and multilateral cooperation and unity between Vietnam and Cambodia in the spirit of mutual respect for independence, sovereignty, and national integrity.

The peoples of Vietnam, Laos, and Cambodian fought and sacrificed their lives together to free their countries from colonialist and imperialist domination and regain national independence and unification. For my part, from 1950 to 1960, I had the honor as a leader of the Kingdom of Cambodia to support through practical means the arduous and heroic struggle of the fraternal Vietnamese people to liberate southern Vietnam and unite the Vietnamese state. I will always hold profound memories of our unity in fighting from 1970 to 1975.

This unity was made official through the joint communique of the Conference of Indochinese Leaders held in April 1970 in Guangdong in the PRC. This historic joint communique was signed by His Excellency Prime Minister Pham Van Dong, His Excellency President Nguyen Huu Tho, Lao Prince Souphanuvong, and myself. The Democratic Republic of Vietnam, the National Front for the Liberation of Southern Vietnam, and the Neo Lao Hak Sat [Lao Patriotic Front], on behalf of the Vietnamese and Lao peoples, solemnly declared that they would totally respect the borders, including the land and sea borders, of the Kingdom of Cambodia.

The Cambodian people and I sincerely appreciate that noble action by the Vietnamese and Lao peoples. I have believed and will believe strongly that our three countries are proving and will prove to the world that we will maintain the unity, mutual respect, and trust that

has linked us in the years of common struggle for the victory of peace, freedom, justice, and development.

The recent high-ranking official friendship visit to the Kingdom of Cambodia by Lao President Nouthak Phoumsavan, the current official friendship visit by Vietnamese President Le Duc Anh, and the upcoming visits to Laos and Vietnam that I will honorably make in December prove that our three peoples are determined to remain brothers as well as honest, united, and respectful fraternal friends in a complete and proud manner.

Dear state president, his wife, and distinguished members of the Vietnamese delegation, on behalf of the Cambodian Government and people, I solemnly offer my warmest congratulations to you and the glorious SRV Government and people on Vietnam's great achievements in the national undertaking of national construction in recent years. These achievements will make Vietnam more developed in the economic, social, and other fields in the undertaking of socialist construction.

'Press Communique' Issued

BK0908101995 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 9 Aug 95

["Vietnam-Cambodia Joint Press Communique" issued in Phnom Penh on 9 August]

[FBIS Translated Text] 1. His Excellency Le Duc Anh, president of the Socialist Republic of Vietnam, and his wife paid an official visit to the Kingdom of Cambodia 8-9 August 1995 at the invitation of Cambodian King Norodom Sihanouk and Queen Norodom Monineat Sihanouk. King Norodom Sihanouk and Queen Norodom Monineat Sihanouk welcomed President Le Duc Anh at Pochentong International Airport. The Cambodian king and queen received President Le Duc Anh, his wife, and entourage and hosted a grand reception in their honor at the Tevea Vinichhai Hall and the Khemarin Hall in the Royal Palace.

2. His Excellency Samdech Chea Sim, chairman of the National Assembly; Prince Samdech Krompreah Norodom Ranariddh, first prime minister; and Second Prime Minister Samdech Hun Sen paid a courtesy call on President Le Duc Anh and his wife at the Chamka Mon Government Guest House.

3. During their stay in the Kingdom of Cambodia, President Le Duc Anh and his wife laid wreaths at the Independence Monument and the Vietnam-Cambodia Friendship Monument. The Vietnamese delegation also toured the Silver Temple and the Royal Palace in Phnom Penh.

4. The official talks took place amid an atmosphere of friendship and mutual understanding.

5. The Cambodian king and queen warmly welcomed the visit to the Kingdom of Cambodia by President Le Duc Anh and his wife, regarding it as an important event because it contributed to consolidating and promoting mutual understanding, friendship, and good neighborliness between the two countries and peoples. King Norodom Sihanouk expressed sincere gratitude to the Vietnamese Government and people for their support and assistance in the Cambodian peace process. The king welcomed the great achievements of the Vietnamese people in the cause of national renovation and development. He sincerely hoped that the Vietnamese people will make even greater achievements in all fields and make positive contributions to peace, stability, cooperation, development, and prosperity in Southeast Asia. King Norodom Sihanouk welcomed Vietnam's foreign policy of independence, sovereignty, openness, multilateralization, and diversification.

6. President Le Duc Anh welcomed the Cambodian people's important achievements and highly valued the king's leading role in the cause of peace, national concord, and national reconstruction in Cambodia. He took into account Cambodia's foreign policy of peace; independence; neutrality; nonalignment; and friendship with all nations, particularly neighboring countries. He voiced support for the efforts of the Kingdom of Cambodia to integrate into the region and the world community. President Le Duc Anh expressed his sincere gratitude to the king and the Cambodian people for the profound sentiments and valuable assistance they have accorded the Vietnamese people.

7. The two state leaders noted with pleasure the fine development of bilateral relations and reiterated the determination of the two countries to consolidate their traditional friendly and cooperative ties based on the principles of respect for each country's independence, sovereignty, and territorial integrity; noninterference in each country's internal affairs; refraining from the use of force or threat to use force; and settlement of problems concerning bilateral ties through peaceful negotiations, equality, mutually beneficial cooperation, and peaceful coexistence in the interest of the two peoples and for sake of peace, stability, cooperation, and prosperity in Southeast Asia.

The two state leaders expressed the desire to maintain high-level political talks to promote bilateral cooperation in many fields. They concurred with the need to step up efforts to resolve old and new issues relating to bilateral ties in accordance with agreements reached by the two governments.

8. The two state leaders noted with pleasure the recent positive developments in Asia and the Asia-Pacific region and highly valued Vietnam's official ASEAN membership and Cambodia's participation in ASEAN as an observer. They reiterated the desire to continue broadening friendship, good neighborliness, and cooperation with all countries in the region for the sake of peace, stability, and prosperity in Southeast Asia and other parts of the world.

9. The two state leaders noted with pleasure the fine results of talks held amid an atmosphere of mutual understanding and mutual trust, regarding them as a new source of encouragement to promote the traditional friendship and good neighborliness between Vietnam and Cambodia.

10. President Le Duc Anh sincerely thanked King Norodom Sihanouk, Queen Norodom Monineat Sihanouk, and the Cambodian people for the hospitality they accorded the Vietnamese president, his wife, and entourage during their stay in Cambodia. President Le Duc Anh again invited the Cambodian king and queen to pay an official visit to Vietnam. King Norodom Sihanouk accepted the invitation with pleasure. The specific time of the visit will be arranged through diplomatic channels.

Phnom Penh, 9 August 1995

Returns to Hanoi After Visit

BK0908114195 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 9 Aug 95

[FBIS Translated Text] This morning, President Le Duc Anh and his wife successfully concluded their official friendship visit to the Kingdom of Cambodia as guests of Cambodian King Norodom Sihanouk. Early in the morning, before leaving Phnom Penh, President Le Duc Anh visited the Silver Temple located next to the Royal Palace and toured the residence of King Norodom Sihanouk's family and the royal household.

The Cambodian king and queen accompanied President Le Duc Anh and his wife to the ramp and bade farewell to the distinguished Vietnamese guests. First Prime Minister Ranariddh, Second Prime Minister Hun Sen, and many high-ranking Cambodian Government officials attended the farewell ceremony.

President Le Duc Anh and his wife returned to Hanoi at 1210 this afternoon.

NHAN DAN Hails Ties on Cambodia Visit

BK0808071695 Hanoi VNA in English 0649 GMT 8 Aug 95

[FBIS Transcribed Text] Hanoi VNA August 8 — The Cambodia visit by state President Le Duc Anh beginning today marks a new step of development in the traditional friendship and cooperation between Vietnam and Cambodia, says the national daily NHAN DAN. In an editorial today hailing the president's visit at the invitation of Cambodia's King Norodom Sihanouk, the paper notes: 'The visit, the first of the Vietnamese president to Cambodia since the Cambodian monarchy was re-established under King Norodom Sihanouk, together with Vietnam's admission as full member of ASEAN and Cambodia's as observer of this regional organisation, reaffirms that the friendship and cooperation between the two Vietnamese and Cambodian neighbours have constantly consolidated and developed, contributing to peace, stability and development in the region and other parts of the world.'

'We are glad at the important achievements recorded recently by the Cambodian people under the leadership of King Sihanouk. The political situation has basically changed, with Khmer Rouge no longer being major problem that hinders the country's development.' The paper continues: 'The Vietnam-Cambodia relations have in recent years seen new step of development. Annual summits meetings and exchanges of views between officials of the two countries have helped increase mutual understanding and trust between the two peoples. The two governments signed an agreement to establish a commission on economic, cultural, scientific and technological cooperation, agreement on cultural, educational, scientific and technical cooperation, agreement on economy and trade, and agreement on goods in transit. These agreements have served as a legal basis for the two neighbours to develop cooperation of equality and mutual benefit in various areas in conformity with the need to consolidate and promote their friendship and cooperation in the new stage.' On regional situation, the daily says that it is changing favourably. 'The trend for peace, stability and cooperation for development has constantly consolidated, providing good opportunity for Vietnam and Cambodia to further enhance their friendly and cooperative ties. In this context, President Anh's Cambodia visit this time is of great significance, continuing to confirm Vietnam's unchanged policy to develop its friendship, cooperation and neighbourliness with Cambodia on the basis of mutually agreed major principles.'

JICA Office Chief on Japanese Aid to Vietnam

952E0089A Hanoi LAO DONG in Vietnamese
18 Jun 95 p 4

[Interview with Masaru Todoroki, head of the Japanese International Cooperation Agency (JICA) office in Vietnam, by Duc Tuan; place and date not given: "If Japan's ODA (Official Development Aid) Program Is Not Effectively Utilized, We Ourselves Will Be Condemned."]

[FBIS Translated Text] As we mentioned in a news report, on 30 May, JICA opened its office in Hanoi marking an important step in the multifaceted cooperative relations between Japan and Vietnam and, at the same time, reflecting the interest of the Japanese Government in its official development aid (ODA) program in Vietnam. On this occasion, LAO DONG had an interview with Mr Masaru Todoroki, head of the JICA office in Vietnam, who answered as follows our question on the JICA activities prior to the opening of this office:

[Todoroki] Prior to the opening of the JICA office in Vietnam, the Japanese embassy had proceeded with the necessary procedures to carry out a number of JICA's projects and solutions. At the same time, JICA had sent over a number of its staff members to coordinate the work of the embassy aimed at effectively carrying them out. After the cooperative relations between the two countries had been resumed (in 1992), JICA accepted 218 cadres sent to Japan for training, sent 13 specialists to Vietnam, and carried out 17 development survey projects. Nine of Japan's unrepaid aid projects granted to Vietnam have been smoothly achieved, with assistance from JICA. At present, JICA is carrying out a number of development guarantee projects, mostly involving the infrastructure, such as the ones involving the construction of Cai Lan Port and the restoration of the Da Nhim hydroelectric power plant, the plan for improving the Noi Bai International Airport, and so on. All these projects have to do with restoring and developing the infrastructure, and building a foundation for Vietnam's economy; most recently, there is a research program aimed at helping the Vietnamese Government to devise its economic development policy.

[Tuan] Why did JICA have only technical aid projects in Vietnam, instead of the project-type technical cooperation similar to what Japan has developed with China, Thailand, Singapore?

[Todoroki] If we do not count the small projects, JICA has completed nine major unrepaid aid projects and 16 development survey projects in Vietnam. We have not yet developed the project-type technical cooperation

here because this is cooperation on a very large scale that requires capital and manpower, which Vietnam cannot fulfill yet. In addition, the JICA specialists who have been trained in Japan and are to work for a long time in Vietnam are still too few. Therefore, in the near future we will increase the number of JICA specialists in order to effectively carry out these projects.

[Tuan] In your opinion, what does the Vietnamese side need to do in order to effectively utilize Japan's ODA?

[Todoroki] Because we are foreigners, it is difficult for us to grasp the real nature of the difficulties that Vietnam is facing. If Vietnam does not effectively utilize Japan's ODA, we ourselves will be condemned by the Japanese people. All this means we are forced to cooperate closely with Vietnamese officials in order to find the solutions that are suitable for Vietnam's situation. On the Vietnamese side, I think the most important thing is to build at any cost an organizational system and to make sure that this system take shape and function without being dependent on the relationships of individuals in accordance with new and modern models.

Japan Signs Agricultural Development Accord

BK1008080395 Hanoi VNA in English
0633 GMT 10 Aug 95

[FBIS Transcribed Text] Hanoi VNA August 10 — Vietnam and Japan recently signed a cooperation agreement in the Mekong Delta Province of Can Tho for a project to assess and improve the agricultural system and to combine cultivation with stock breeding and raising aquatic products in Mekong Delta.

This is the first cooperation project between Vietnam and Japan in agricultural science in the Mekong Delta and in Vietnam in general.

Signatories were Dr. Keiji Katsuma, general director of the Japanese International Research Centre for Agriculture Service (JIRCAS) Prof. Dr. Nguyen Van Luat, director of the Mekong Delta Rice Institute (MDRI) and Prof. Dr. Tran Phuoc Duong, dean of the Can Tho University.

The Japanese side has considered the project one of the most comprehensive research projects, oriented to achieve sustainable food production in conformity with environmental protection.

JIRCAS had earlier sent a number of scientists to Vietnam to coordinate with the MDRI in building up a programme on bilateral research cooperation, which was approved by Japan's Ministry of Agriculture, Forestry and Fisheries.

ASEAN Chamber of Commerce Membership Viewed

BK1008080495 Hanoi VNA in English
0639 GMT 10 Aug 95

[FBIS Transcribed Text] Hanoi VNA Aug.10. — The Vietnam Chamber of Commerce and Industry (VCCI) following its admission to the Chamber of Commerce and Industry of ASEAN (ASEAN CCI), worked out a plan to boost its activities to integrate itself into the current dynamic operation of ASEAN CCI. Particularly it is preparing for the VCCI president to participate in the ASEAN CCI summit meeting to be organized in Bangkok (Thailand) later this year.

VCCI was admitted as the seventh member of the ASEAN CCI at the 48th meeting of ASEAN CCI council held on Aug. 1 in Manila, the Philippines.

The most urgent work now is training for VCCI staff, making them qualified to take part in six working groups and the management board of ASEAN CCI. To settle this problem, the VCCI plans to send its officials to training courses held in ASEAN CCI member countries, and invite experts of ASEAN CCI to help VCCI in personnel training at home. The VCCI is also coordinating with ASEAN CCI to open courses for Vietnamese businessmen with a view to creating favourable conditions for them to integrate into ASEAN business operations.

VCCI plans to organize an exhibition on ASEAN in Vietnam next July.

Ministry Issues Circular on Workers Abroad

BK0908142995 Hanoi VNA in English
1425 GMT 9 Aug 95

[FBIS Transcribed Text] Hanoi VNA August 9 — The Ministry of Labour, War Invalids and Social Affairs has issued Circular No. 20 providing guidance for the implementation of the government's decree on sending Vietnamese abroad for overseas jobs of definite time.

The circular concerns workers permitted to work abroad as migrant workers, including workers, public employees and others working for state-run enterprises, non-productive administrative units, mass organizations, non-state economic establishments, and foreign organizations legally operating in Vietnam unemployed school and university and free labourers.

Public employees and officials recruited by state administrative agencies of all levels and servicemen of the armed forces and police force are not permitted by the circular to be sent abroad for working.

The legal text strictly forbids signing of any contracts to send Vietnamese to foreign countries to work as

housemaid, dancer, singer, or massager, to do any works relating to explosives and poisonous chemicals to directly treat such social diseases as leprosy to carry out jobs relating to the dead or to hunt ferocious beasts, sharks and crocodiles.

Vo Van Kiet Urges Development of Shipbuilding

BK0908135195 Hanoi VNA in English
1317 GMT 9 Aug 95

[FBIS Transcribed Text] Hanoi VNA August 9 — Vietnam's ship-building industry must be built into an economically strong group to effectively serve national development and defence, Prime Minister [PM] Vo Van Kiet told a recent meeting in Danang.

The working meeting, which was attended by officials of the Ministry of Transport and Communications and other relevant agencies, discussed a proposed plan presented by Transport Minister Bui Danh Luu for the development of the ship-building and repair industry for the 1996-2000 and 2001-2010 periods. Also debated were policies relating to the establishment of the Vietnam Ship-Building Corporation (VSC), and its functions.

Noting Vietnam's location and geographical features, PM Kiet stressed the reorganizing of the ship-building and repair sector, saying the establishment of VSC was in line with the national programme for economic development. This would better serve the country's maritime economic development strategy and help firmly defend national interests on the sea.

"Sustained efforts should be made," PM Kiet said, "to build the industry, which now has a very limited capacity with out-of-date technology, into an economic focal point at the earliest possible date."

With its skilled and experienced labour and management force, the industry can mobilize investment capital from various sources at home and abroad to modernize itself.

Three ship-building centres should initially be formed, PM Kiet suggested, as part of a broader long-term plan for the development of the ship-building industry into the next century.

He asked the Ministry of Transport and Communications to work hard to soon submit a master plan on this subject for approval as soon as possible.

Tien Giang Holds Party Organization Congresses

*BK1008054695 Hanoi Voice of Vietnam Network
in Vietnamese 1430 GMT 6 Aug 95*

[FBIS Translated Text] As of late July, 70 basic party organizations of Tien Giang Province had held party organization congresses.

The congresses formulated orientations and plans to carry out the socioeconomic, national defense, and security tasks in conformity with current conditions.

They also designed measures to satisfactorily exploit the local potential to effectively improve the socioeconomic situation. However, there were shortcomings at some basic party organizations, especially in preparation of relevant documents for the congresses.

Various basic party organizations of districts and cities in the province have drawn on past experiences to make better preparation for party organization congresses at the higher levels.

Australia**France To Ban Nuclear Tests After Mururoa****Evans 'Cautious'**

*BK1008032195 Melbourne Radio Australia
in English 0100 GMT 10 Aug 95*

[FBIS Transcribed Text] There has been a cautious Australian reaction to a French statement that it will ban all nuclear testing after the proposed series at Mururoa due to start next month. In a radio debate in Chicago, a senior French Foreign Ministry spokesman, Yves Doutriaux, told Australia's ambassador, Don Russell, that the Mururoa tests would be the last.

Australia's foreign minister, Gareth Evans, repeated that France had previously refused to rule out all types of tests and he would rather hear the commitment from the French president.

[Begin Evans recording] If the French commit themselves to a comprehensive test ban regime in the future with an absolutely zero threshold so that it is a genuinely comprehensive test ban, and that they are committing themselves to the closure of Mururoa, well, that has in fact achieved two major Australian policy objectives that we have been pursuing from the outset. [end recording]

Evans Urges Chirac Commitment

*BK1008073195 Hong Kong AFP in English
0318 GMT 10 Aug 95*

[FBIS Transcribed Text] Sydney, Aug 10 (AFP) — French support for a total ban on nuclear testing under a comprehensive treaty would be a "very major" breakthrough, Australian Foreign Minister Gareth Evans said here Thursday.

Commenting on a statement from a French official that France would announce such support, Evans said that if the statement was confirmed "this represents a very major breakthrough indeed."

Foreign Ministry spokesman Yves Doutriaux said in a debate on the WBEZ radio in Chicago that France would announce in [words indistinct] which will be exactly the Australian position. Any testing of nuclear weapons will be prohibited.

Asked if that meant zero tests, Doutriaux said, "Yes ... zero."

This statement indicated that France would support a zero threshold in the negotiations on a nuclear test ban treaty, Evans said.

"I won't rush to judgement on this until we hear it confirmed, preferably by president (Jacques) Chirac himself," he said, adding, if the statement was confirmed, what France was saying, "and this is very important, is that it will now support a zero threshold result."

With the United States taking close to that position, this was "an important foundation on which to get the necessary consensus and support for a test ban treaty that really will be worth having," Evans said.

Doutriaux also said France planned to turn its Mururoa test site in the South Pacific — where it said earlier it would be conduct a series of tests starting next month — either into a tourist resort or an environmental monitoring station.

"This is exactly what we have been asking the French Government to make a commitment to do. The fact that they seem to be moving in that direction ... is an excellent result," Evans told journalists after launching a new international media centre in Sydney.

He stressed that Australia will maintain protests against any nuclear tests as long as any were "in prospect."

The negotiations in Geneva on a comprehensive test ban treaty are not expected to be concluded until late next year.

Unemployment Rate Drops to 8.2 Percent, New Low

*BK1008064395 Melbourne Radio Australia
in English 0500 GMT 10 Aug 95*

[FBIS Transcribed Text] Australia's unemployment rate has fallen again to a new four and a half year low. Adrian Thyrt reports initial government figures show the labor market is still performing more strongly than generally expected.

[Begin Thyrt recording] Across Australia just 5,000 extra people entered the work force during July but a columnist had been tipping a drop in employment numbers after a rise of 52,000 the previous month. All the new jobs have been full-time pushing total full-time employment in Australia to its highest level ever just under 6.25 million. The latest increase in job numbers have produced a small fall in the jobless rate to 8.2 percent, its lowest level since the end of 1990. [end recording]

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